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CUSTOMS BUSINESS: LECTURE NOTES

*Recommended by the Methodical Council of Igor Sikorsky Kyiv Polytechnic Institute
as a textbook for foreign students studying in the specialty 051 «Economy»*

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CUSTOMS BUSINESS: LECTURE NOTES

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The textbook contains the main materials related to the course of the lecture on the subject "Customs business ". The purpose of this synopsis is to help students master the basic aspects of customs taxation, customs control, etc. It is intended for students majoring in 051 "Economics" in the specialty "International Economics", bachelor's degree in full-time Kyiv Polytechnic Institute named after Igor Sikorsky. Designed for all higher education institutions, as well as teachers, graduate students and specialists dealing with customs taxation and control, as well as entrepreneurs and citizens operating in Ukraine and abroad.

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Introduction

Today, the study of the basics of customs, as a tool for foreign economic activity, is an important aspect, as it helps to identify regulators and means of forming new economic relations and ties. With the development of the customs service, customs and other structural units that carry out customs clearance, foreign trade operations and control over the movement of goods, there is an urgent need for specialists in customs.

The purpose of this textbook is to develop students' skills in finding educational material and its application in solving practical problems related to the basic provisions of customs control and customs clearance of goods moving across the customs border of countries; rights and obligations of customs declarants; determination of the necessary permits of the state bodies of the countries concerning observance of safety of the food and non-food goods which are imported and exported; appointment and documentation of customs examinations of goods moving across the customs border of the country. This will consolidate the acquired set of knowledge, skills and abilities that are necessary for professional work in market conditions in various sectors of the economy at the international level.

Credit module "Customs business" provides a thorough study of theoretical and applied aspects of the organization of customs operations, customs regulation, customs clearance of goods and vehicles moving across the customs border, the stages of customs control, customs clearance of goods and vehicles using cargo customs declaration, features of control operations at each stage, and also gives the chance to students to get acquainted with the customs and tariff policy of the states.

The purpose of the credit module is to form a system of theoretical knowledge and acquisition of skills in carrying out operations on foreign economic activity at enterprises; carrying out professional work in customs, law enforcement, tax authorities. The purpose of the credit module is to form students' abilities:

- calculate the customs value of goods;

- identify and analyze the key characteristics of the customs system, assess their relationship with the national and world economies;
- select and apply economic-mathematical and statistical methods for analysis, forecasting and optimization of phenomena and processes in the customs system;
- apply methods of calculating taxes and mandatory payments and the procedure for their payment by enterprises of all forms of ownership and individuals;
- demonstrate skills in compiling customs reports.

According to the requirements of the curriculum, students after mastering the credit module must demonstrate the following learning outcomes:

knowledge:

- the essence of foreign economic activity of enterprises, the content and scope of activities in customs, law enforcement, tax authorities;
- the essence and significance of the customs case, the unified system of customs authorities, their functions, rights and responsibilities, forms and methods of activity;
- methods of research of customs activity.

skills:

- have the basic categories and concepts;
- have a method of interaction between companies and the state at the foreign economic level;
- select and justify the best methods of state customs and tariff policy;
- conduct a systematic analysis of professional situations;
- to analyze economic phenomena and processes in the field of state customs and tariff policy;
- use the results of economic research in practice;
- master the methods of customs clearance of export-import operations;
- master the skills of customs control.

Topic 1. CUSTOMS BUSINESS, SOURCES OF CUSTOMS, CUSTOMS POLICY

CONTENT:

- 1.1 Basic concepts of customs.
- 1.2 Sources of customs.
- 1.3 Customs policy.
- 1.4 Tariff and non-tariff regulation.

1.1. Basic concepts of customs.

Customs business – these are the procedure for moving goods and vehicles across the customs border, customs regulation related to the establishment and collection of taxes and fees, customs control and clearance procedures, combating smuggling and violations of customs regulations.

Customs regulation is based on principles:

- exclusive jurisdiction of the country in its customs territory
- exclusive competence of the customs authorities of the country on its territory;
- uniform procedure for movement of goods and vehicles across the customs border;
- observance of the rights and interests of individuals and legal entities;
- legality;
- systematicity;
- efficiency;
- publicity;
- transparency.

The customs territory of the country is usually:

- land;

- territorial sea or ocean;
- inland waters;
- airspace;
- artificial islands;
- installations and structures;
- territory of special customs zones.

1.2. Sources of customs.

Sources of customs – these are the official and documentary forms of expression and consolidation of norms customs business originating from the state or recognized by it, giving them legal, obligatory value.

The Customs Code usually contains:

- tasks of customs authorities in the field of regulation of export-import operations;
- procedures for joint customs control of goods moving across the customs border of the country with the customs services of neighboring countries;
- democratization and unification of customs control procedures, customs clearance of goods belonging to enterprises, organizations, institutions of all forms of ownership, and citizens;
- detailed types of customs regimes that take place when moving goods across the customs border of the country, their regulatory definition and conditions of their application in the process of export-import operations;
- provisions which lay down the progressive principles of regulation of legal relations in terms of movement of goods by citizens across the customs border of the country;
- flexible principle of construction of the customs tariff of the country, which meets the requirements for customs tariffs of the member states of the General Agreement on Tariffs and Trade and the World Trade Organization;

- provisions establishing the methodology for determining the customs value of goods, which is developed taking into account the requirements of the General Agreement on Tariffs and Trade.

1.3. Customs policy.

The country's customs policy is influenced by the following factors:

- **economic** – the general state of the country's economy, the peculiarities of its economic system, the peculiarities of the development of certain sectors of the economy, existing external relations, the state of world economic relations, etc .;
- **ideological and political** – government programs to protect the internal market and its individual areas, environmental security, protection of morals, spirituality, etc .;
- **international factors** – membership of the country in various international organizations, existing bilateral and multilateral international agreements, state participation in customs and economic unions, support for certain international legal and economic sanctions, government policy on granting preferences to individual states and more.

The main principles of customs policy:

- legal equality and non-discrimination;
- unity of customs policy;
- unity of state regulation;
- unity of tariff policy;
- unity of control policy;
- unity of the customs territory;
- harmonization and unification of customs activities;
- protection of the rights of participants in international activities;
- exclusion of unjustified state interference in customs policy.

The main functions of customs policy include:

- ***fiscal function*** – filling the state budget by collecting duties, value added tax, excise duty on goods and other items when moving across the customs border.
- ***regulatory function*** – provides for the influence of the state and its competent authorities on foreign economic relations by means of economic and administrative nature in order to regulate the latter in order to ensure national interests and the interests of domestic producers and create favorable conditions for them, ensure implementation of state economic policy, international legal obligations of the state.
- ***protective function*** – aimed at protecting the state from external threats: protection of national security, maintenance of peace and international security, public order, morality, protection of the internal market, environmental security, protection of consumer interests, creating conditions to maintain legality of the movement of goods across the customs border, effective fight against smuggling and violations of customs rules, assistance in the fight against international terrorism, crime, etc.

1.4. Tariff and non-tariff regulation.

Tariff regulation of state foreign trade policy is the main tool for influencing trade relations between different countries.

The basis of tariff regulation is the **duty**.

Kind of duties:

- ***by method of recovery***: advalorem, specific, combined;
- ***by the nature of application***: seasonal, antidumping, compensatory;
- ***by originally***: autonomous, conventional, preferential;
- ***by type***: constant, changeable;
- ***by accrual method***: nominal, effective;

- **by the object of laying:** export, import, transit.

According to the method of collection, a duty is allocated:

- *advalorem*, which is calculated as a percentage of the customs value of goods;
- *specific*, which determines the fixed amount charged from the unit of measurement of a particular product;
- *combined*, which is formed by a combination of the first two types of duties.

By the nature of the application of the duty may be:

- *seasonal*, which is accrued in a particular season;
- *antidumping*, which is used in case of detection of the fact of import of goods at dumped prices, which leads to significant losses in national industries;
- *compensatory*, which is used to neutralize subsidies provided by the state of the exporter to increase the competitiveness of goods in the markets.

By the nature of the origin of the duty may be:

- *autonomous*, established by the legislative documents of a particular country without taking into account the existence of bilateral or multilateral agreements with other countries on foreign trade relations;
- *conventional*, formed by bilateral or multilateral negotiations and may not be promoted by any state unilaterally;
- *preferential*, that is, these are special preferential rates that apply to imported goods originating in certain countries or groups of countries.
- *compensatory*, which is used to neutralize subsidies provided by the state of the exporter to increase the competitiveness of goods in the markets.
- **According to the object of taxation, the duty is divided** for import, export and transit. These names indicate the existence of certain rates of duty on goods imported, exported or transited.
- **Depending on the type of rates, the duty can be constant or variable.** Public authorities, according to the created circumstances or cannot change

them, or they are subject to change, accordingly, in case of observance of certain conditions.

- **According to the method of calculating rates, there are duties** *nominal*, which is specified in the customs tariff, and *effective*, which determines the level of customs duty on imported goods, calculated at customs tariff rates.

In world practice, **non-tariff regulation** measures mean the establishment by the state of quantitative restrictions on the movement of goods through customs.

Quantitative restrictions are an administrative form of state non-tariff regulation of trade, which determines the goods whose export or import is allowed.

Means of non-tariff regulation :

- *quantitative restrictions* :
 - quotas;
 - licensing;
 - "voluntary" export restrictions;
 - public procurement policy.
- *methods of protectionism*:
 - technical barriers;
 - internal taxes;
 - requirements for local components.

There are such **quotas**:

- *global quotas* — determine the volume of exports (imports) in value or physical units for a certain period of time;
- *individual quotas* — provide for the distribution of exports or imports for certain countries;
- *seasonal quotas* — apply to certain agricultural products and regulate the receipt of imported agricultural products in certain seasons of the year;

• *tariff quotas* — are a combination of quantitative restrictions and customs tariffs. They determine the volume of imported goods by the minimum amount of duty.

A "*voluntary*" *restriction on exports* is that importing countries, using political and economic leverage, offer the exporting country to reduce sales of certain goods in foreign markets.

Public procurement policy – it is a method in which the state structures of the country are obliged to purchase certain groups of goods only from domestic producers. This method is justified by national security requirements.

Another method is to require the presence of a certain percentage of **local components** in the finished product, which is sold on the domestic market. Such a policy is aimed at the consistent replacement of imported products with domestic goods through the development of national production facilities.

Questions for self-control:

1. What is Customs?
2. What are the principles of customs regulation?
3. What is usually included in the customs territory of the country?
4. What sources of customs do you know?
5. What points does the country's Customs Code usually contain?
6. What factors influence the country's customs policy?
7. What are the basic principles of customs policy?
8. What are the basic functions of customs policy?
9. What are the types of duties?
10. What quotas apply?

Tests

1. *What is the main task of customs policy?*
 - a) security of the state in the economic sphere;

- b) ensuring security in the social sphere;
- c) ensuring the protection of national interests of the state;
- d) ensuring security in the political sphere;
- e) all answers are correct.

2. What factors affect the customs policy?

- a) economic, ideological, political, international, legislative;
- b) economic, political, international;
- c) political, international, legislative;
- d) economic, legislative, political, international.

3. What are the functions of customs policy?

- a) fiscal;
- b) protective;
- c) regulatory;
- d) correct answers a) and b);
- e) correct answers a), b), c).

4. The main tasks performed by customs authorities include:

- a) implementation of customs control;
- b) creation of favorable conditions for acceleration of trade and passenger flow across the customs border;
- c) customs clearance of goods and vehicles moving across the customs border;
- d) correct answers a) and b);
- e) correct answers a), b), c).

5. The set of measures carried out by customs authorities within the limits of the competence for the purpose of maintenance of observance of norms of the code, the international agreements concluded in the order established by the law is

- a) customs policy;
- b) customs procedures;
- c) customs control;
- d) customs clearance.

6. In the customs case, the goods do not include:

- a) currency values;
- b) products of labor intended for sale;
- c) electric and thermal energy;
- d) vehicles for transportation of goods across the customs border.

7. The system of principles and directions of activity of the state in the sphere of maintenance of the economic interests and safety by means of customs-tariff and non-tariff measures of regulation of foreign trade is

- a) customs procedures;
- b) customs control;
- c) customs policy;
- d) customs clearance.

8. A plot of land or part of the territory of a border railway, automobile station, sea, river port, airport with a complex of buildings, structures, where customs control and passage of goods across the state border is carried out, is

- a) customs control zone;
- b) checkpoint;
- c) customs inspection hall;
- d) part of the checkpoint.

9. The headquarters of the World Customs Organization is located in the city

- a) Geneva;
- b) Paris;

- c) Brussels;
- d) Washington.

8. *The arguments against social responsibility include:*

- a) changing the needs and expectations of the general public, the availability of resources to solve social problems;
- b) insufficient level of employment of a wide audience, insufficient ability to solve social problems;
- c) insufficient reporting to a broad audience, business-friendly long-term prospects;
- d) all answers are correct.

9. *The tariff methods of economic regulation of foreign economic activity include*

- a) quota;
- b) license;
- c) subsidy;
- d) import duty.

10. *Which of the following non-tariff method instruments is regulated by imports:*

- a) tariff quota;
- b) taxes and fees;
- c) quota;
- d) licensing.

11. *Payers of customs duties are*

- a) natural persons carrying out customs clearance;
- b) only legal persons carrying out customs clearance;
- c) there is no correct answer;
- d) all answers are correct.

12. The revenue part of the budget is formed by the following function of the customs tariff:

- a) regulatory;
- b) fiscal;
- c) stimulating;
- d) protective.

Topic 2. THE CONCEPT, CONTENT AND STRUCTURE OF THE CUSTOMS REGIME. CHARACTERISTICS OF CUSTOMS REGIMES.

CONTENT:

2.1. The concept of customs regimes.

2.2. The essence and procedure for applying certain customs regimes.

2.1. The concept of customs regimes.

Customs regime – a set of interrelated legal norms that, in accordance with the stated purpose of moving goods across the customs border of the country, determine the customs procedure for these goods, their legal status, tax conditions and determine their use after customs clearance.

Customs regimes perform the following functions:

- determine the requirements for goods that are placed under a specific customs regime;
- establish the procedure for moving goods across the customs border of the country;
- determine the conditions of stay of goods in the customs territory of the country and abroad;
- establish requirements for the use of goods that are in a particular customs regime;
- regulate the rights and obligations of persons moving goods.

The main characteristics that qualify the type of customs regime:

- Country of Origin;
- purpose of relocation;
- direction of movement;
- the term of the regime;
- rules of disposal of goods;

- rules of use of the goods;
- rules of ownership of the goods.

There are the following customs regimes:

- import;
- export;
- re-import;
- re-export;
- temporary import;
- temporary removal;
- duty-free trade;
- transit;
- customs warehouse;
- free customs zone;
- processing outside the customs territory;
- processing in the customs territory;
- destruction;
- refusal in favor of the state.

The declarant has the right to choose the customs regime in which he wishes to place the goods, subject to the conditions of such regime.

Placing goods in the customs regime is carried out by declaring them and completing certain customs formalities.

If necessary, **the customs regime in which the goods are placed may be changed to another**, subject to compliance with tariff and non-tariff regulation of foreign economic activity.

Internal structure of the customs regime:

- 1) conditions of the customs regime – circumstances that determine the location of goods;
- 2) restriction of the customs regime – direct or indirect prohibitions on certain actions with goods;

3) requirements of the customs regime – actions in the implementation of which it is possible to complete the customs regime.

2.2. The essence and procedure for applying certain customs regimes.

Import – it is a customs regime according to which foreign goods, after payment of all customs duties and fulfillment of all necessary customs formalities, are released for free circulation in the customs territory of the country.

Import of goods into the customs territory in the import regime provides:

1) submission to the relevant customs authority of documents certifying the grounds and conditions of import of goods into the customs territory of the country;

2) payment of taxes and fees levied on goods during the import of goods into the customs territory of the country in accordance with the laws;

3) compliance with the requirements provided by law for non-tariff regulation measures and other restrictions.

Export – it is a customs regime under which goods are released for free circulation outside the customs territory of the country without any obligation to re-import them.

Export of goods outside the customs territory in the mode of export provides:

1) submission to the relevant customs authority of documents certifying the grounds and conditions of export of goods outside the customs territory of the country;

2) payment of taxes and fees imposed on exports;

3) compliance by the exporter with the requirements provided by law.

Re-import – it is a customs regime according to which goods that have been exported or processed for export outside the customs territory of the country are

released for free circulation in the customs territory of the country with exemption from customs duties established by the laws of the country on import of these goods. regulation of foreign economic activity.

After placing in the customs regime of re-import of goods:

1) the amounts of export duty paid on the export of these goods shall be returned to the persons who paid them or to their successors.

2) taxes when placing goods under the customs regime of re-importation are paid in accordance with the legislation of the country.

Goods may be moved across the customs border of the country under the customs regime of re-importation, if :

1) originate from the territory of the country;

2) are imported not later than 1 year after their export outside the customs territory of the country;

3) were not used outside the country for profit;

4) are imported in the same condition in which they were at the time of export, except for changes provided by the legislation of the country (for example due to natural wear and tear, etc.).

Re-export – it is a customs regime under which goods previously imported into the customs territory of the country or into the territory of a free customs zone are exported outside the customs territory of the country without payment of export duty and without the application of measures of non-tariff regulation of foreign economic activity.

After placing the goods in the customs regime of re-export :

1) the amounts of import duty paid upon import of these goods shall be returned to the persons who paid them or to their successors.

2) taxes when placing goods under the customs regime of re-export are paid in accordance with the legislation of the country.

Goods originating in other countries may be exported outside the customs territory of the country if :

- 1) a re-export permit has been granted;
- 2) are exported no later than 1 year after their import;
- 3) were not used for profit;
- 4) are exported in the same condition in which they were at the time of import, except for changes provided by the legislation of the country (for example due to natural wear and tear, etc.).

Temporary import – it is a customs regime according to which foreign goods and commercial vehicles are imported for specific purposes into the customs territory of the country with conditional full or partial exemption from customs duties and without the application of non-tariff measures of foreign economic activity and are re-exported until the end of the established period. what changes, except for normal wear and tear as a result of their use.

The period of temporary importation of goods is set by the relevant authority in each case.

The period of temporary importation of commercial vehicles shall be set by the relevant authority, taking into account that these vehicles must be re-exported immediately after the end of the transport operations for which they were imported.

Movement of goods in the mode of temporary import provides:

- 1) submission of documents for such goods to the relevant customs authority;
- 2) submission to the relevant customs authority of documents on the obligation to return them within the time limits stipulated by law;
- 3) submission to the relevant customs authority of a permit for temporary import of goods.

Temporary removal – it is a customs regime under which goods or commercial vehicles are exported outside the customs territory of the country with conditional full exemption from customs duties and without the application of non-tariff measures of foreign economic activity and are subject to re-import until the

end of the prescribed period without any changes, except normal wear and tear as a result of their use.

The term of temporary export of goods, commercial vehicles is set by the body of revenues and fees in each case.

Movement of goods in the mode of temporary export provides:

- 1) submission of documents for such goods to the relevant customs authority;
- 2) submission to the relevant customs authority of documents on the obligation to re-import them within the time limits stipulated by law;
- 3) submission to the relevant customs authority of a permit for temporary export of goods.

Refusal in favor of the state – customs regime, according to which the owner renounces goods under customs control, without any conditions in his favor.

In the regime of refusal in favor of the state, taxes and fees are not charged and levied on goods, as well as non-tariff regulation measures are not applied.

Destruction – it is a customs regime according to which foreign goods under customs control are destroyed or brought to a state that excludes the possibility of their use, with conditional full exemption from customs duties imposed on imports of these goods, and without the application of non-tariff measures of foreign economic activity.

If the goods to be destroyed or destroyed may be placed under the customs regime of refusal in favor of the state, the relevant authority shall propose in writing to the declarant to choose this customs regime. With the consent of the owner of the goods with the proposal of the body of revenues and fees, these goods are placed in the customs regime of refusal in favor of the state.

Not considered operations of destroy goods:

- 1) use for consumption by animals of goods previously intended for human consumption;

- 2) carrying out processing operations with goods;
- 3) receipt of processed products, including installation, dismantling, processing or handling of goods;
- 4) repair of goods, including their restoration;
- 5) the use of goods as such, which facilitate the process of manufacturing processed products, if they themselves are completely consumed.

The following goods may be subject to destruction:

- 1) drugs and narcotic drugs, psychotropic substances, their analogues and precursors;
- 2) low-quality and dangerous products;
- 3) military, hunting, sports firearms and ammunition for it;
- 4) cold steel and air guns;
- 5) explosives;
- 6) special means charged with tear gas and irritating substances, means of individual protection, means of active defense and means for performing special operations and operative-search measures.

Customs warehouse – it is a customs regime according to which goods are stored under customs control with conditional full exemption from taxation by customs duties and without application of measures of non-tariff regulation of foreign economic activity.

Any goods may be placed under the customs regime of the customs warehouse, except :

- 1) goods prohibited for import into the country, export from the country and transit through the territory of the country;
- 2) goods whose expiration date for consumption or use has expired;
- 3) goods arriving in the country as humanitarian aid;
- 4) live animals;
- 5) electricity moved by power lines.

Transactions that can be carried out with goods stored in a customs warehouse without the permission of the relevant authorities:

- 1) movement of goods within the warehouse;
- 2) ventilation;
- 3) cleaning;
- 4) creation of the optimum temperature mode;
- 5) corrosion protection;
- 6) drying;
- 7) pest control;
- 8) inventory.

Transactions that can be carried out with goods stored in a customs warehouse with the permission of the relevant authorities:

- 1) consolidation and fragmentation of parties;
- 2) formation of shipments;
- 3) sorting;
- 4) packing, repackaging;
- 5) marking;
- 6) loading, unloading, overloading;
- 7) sampling and sampling of goods;
- 8) other similar operations.

Free customs zone – it is a customs regime according to which goods are imported into the territory of a free customs zone and exported from this territory outside the customs territory of the country with exemption from customs duties and without the application of measures of non-tariff regulation of foreign economic activity.

Duty free trade – customs regime, according to which the goods are and are sold under customs control at checkpoints at the customs border of the country, open to international traffic, other customs control zones, defined by the relevant customs authorities, without collection of duties, taxes and export taxes.

Processing in the customs territory of the country – this is the customs regime, according to which foreign goods are processed in the manner prescribed by law without the application of measures of non-tariff regulation of foreign economic activity, subject to further re-export of processed products.

The term of processing of goods in the customs territory of the country is set by the relevant authority.

Processing outside the customs territory of the country – it is a customs regime according to which goods are processed in the manner prescribed by law outside the customs territory of the country without the application of measures of non-tariff regulation of foreign economic activity, subject to return of these goods or products of their processing to the customs territory of the country.

Transit – it is a customs regime under which goods and / or commercial vehicles are moved under customs control between two revenue authorities of the country or within the area of activity of one revenue authority without any use of those goods, without payment of customs duties and without application of measures of non-tariff regulation of foreign economic activity.

Types of transit:

1) transit through the country – from the point of import to the point of export;

2) internal transit or cabotage :

- from the point of import to the relevant authorities;
- from the relevant authorities to the point of export.

Goods moving in transit must:

- 1) be in an unchanged condition, except for changes due to natural wear and tear or loss under normal conditions of transportation and storage;
- 2) not be used for any purpose other than transit;
- 3) move with the appropriate permit, still issued by the relevant authorities;
- 4) move along the established routes and paths;
- 5) be brought to the border within the period specified by law.

Questions for self-control:

1. Determination of the customs regime.
2. What are the functions of the customs regime?
3. What are the main characteristics that determine the customs regime?
4. What customs regimes do you know?
5. Describe the Internal structure of the customs regime.
6. What is Import and Export? Transit?
7. What are the differences between re-import and re-export?
8. Describe temporary imports and temporary exports.
9. What is meant by Refusal in favor of the state? Destruction?
10. Describe Customs warehouse.

Tests:

1. The function of the customs tariff includes

- a) fiscal and incentive;
- b) regulatory;
- c) protective and political;
- d) all answers are correct.

2. The revenue part of the budget is formed by the following function of the customs tariff:

- a) regulatory;

- b) fiscal;
- c) stimulating;
- d) protective.

3. Forms a rational structure of exports and imports of the following function of the customs tariff:

- a) stimulating;
- b) regulatory;
- c) protective;
- d) political.

4. The following function of the customs tariff exerts economic pressure on other states or provides them with customs privileges:

- a) political;
- b) protective;
- c) fiscal;
- d) regulatory.

5. Non-tariff methods of economic regulation of foreign economic activity include

- a) import duty;
- b) license;
- c) duty;
- d) excise duty.

6. Which of the following instruments of the non-tariff method regulates exports:

- a) public procurement;
- b) technical barriers;
- c) subsidies;

d) requirements for the content of local components.

7. Which of the following non-tariff method instruments is regulated by imports:

- a) subsidies;
- b) dumping;
- c) lending;
- d) taxes and fees.

8. Tariff measures of customs taxation include:

- a) VAT;
- b) excise duty;
- c) duty;
- d) all answers are correct.

9. What is not one of the main characteristics that classify the type of customs regime?

- a) direction and country of movement;
- b) the purpose of the movement;
- c) rules of possession and disposal of goods;
- d) the period of stay of the goods abroad.

10. Who chooses the customs regime of the goods?

- a) the customs inspector;
- b) the owner of the goods;
- c) the customs inspector or the owner, depending on the type of goods;
- d) does not matter.

11. Under what regime the goods which were earlier taken out of the territory in an export mode, are imported into the country in the specified terms?

- a) re-export;
- b) re-import;
- c) temporary import / export;
- d) transit.

12. How is the concept of customs regime defined?

- a) as a set of provisions that characterize the way goods are moved through the ICU;
- b) as a set of provisions that characterize the statute of goods when moving through the ICU;
- c) as general characteristics of the goods, which determine the method of its movement through the ICU;
- d) as a set of interrelated legal norms, which in accordance with the stated purpose of moving goods across the customs border determine the customs procedure for these goods, their legal status, tax conditions and determine their use after customs clearance.

Topic 3. CUSTOMS CLEARANCE OF FOREIGN ECONOMIC TRANSACTIONS

CONTENT:

3.1 Foreign economic agreements. Contract.

3.2 International rules "INCOTERMS 2020".

3.1 Foreign economic agreements. Contract.

Foreign trade agreement (contract) – materially executed agreement of two or more subjects of foreign economic activity (including trade) and its foreign counterparties, aimed at establishing, changing or terminating their mutual rights and obligations in foreign economic relations.

A foreign trade contract of sale must be concluded in writing, unless otherwise provided by law or an international agreement.

Foreign trade agreement (contract) – materially executed agreement of two or more subjects of foreign economic activity (including trade) and its foreign counterparties, aimed at establishing, changing or terminating their mutual rights and obligations in foreign economic relations.

A foreign trade contract of sale must be concluded in writing, unless otherwise provided by law or an international agreement.

By agreement of the parties, additional conditions may be indicated in the contract:

1. Quality guarantees
2. Conditions for involving subcontractors
3. Carrier agents
4. Determination of load norms (unloading)
5. Terms of transfer the technical documentation for the goods
6. Preservation of trademarks
7. Protective reservations from the moment of contract validity

committee includes lawyers from the United States, Britain, France, Turkey, and Germany, and for the first time includes representatives from China and Australia.

The new rules of Incoterms 2020 were published in the IV quarter of 2019, and came into force on January 1, 2020.

Incoterms 2020		
<i>Universal</i> <i>(Transport for all modes of transport)</i>		<i>"Sea" (Sea / other water transport)</i>
1. EXW (Ex Works)	4. CIP (Carriage and Insurance Paid to)	8. FAS (Free Alongside Ship)
2. FCA (Free Carrier)	5. DAP (Delivered at Place)	9. FOB (Free On Board)
3. CPT (Carriage Paid to)	6. DPU (Delivered at Place Unloaded)	10. CFR (Cost & Freight)
7. DDP (Delivered Duty Paid)		11. CIF (Cost, Insurance and Freight)

*Source – Internet

Incoterms 2020 includes eleven terms of delivery. They are:

EXW Ex Works

FCA Free Carrier

CPT Carriage Paid To

CIP Carriage and Insurance Paid to

DAP Delivered At Place

DPU Delivered at Place Unloaded

DDP Delivered Duty Paid

FAS Free Alongside Ship

FOB Free On Board

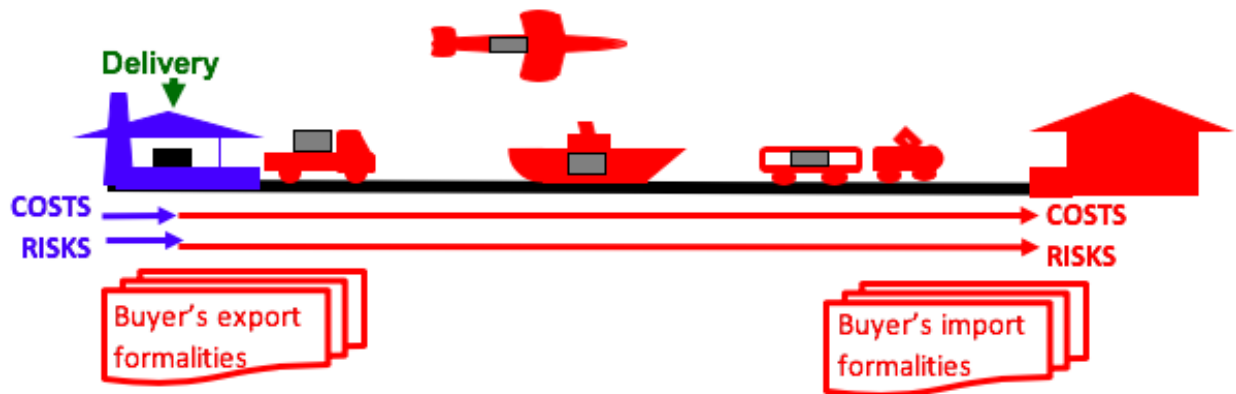
CFR Cost and Freight

CIF Cost, Insurance and Freight

First seven terms are for all modes of transport. Four latter terms are for sea or inland waterways transport only.

TERMS OF DELIVERY:

1) **EXW** (*EX Works (... named place)*)



*Source - Internet

The moment of delivery of the goods is when they are placed at the buyer's disposal in the previously named place (e.g. factory, warehouse or on the premises) and the agreed time.

Type of transport - all modes.

Features: If the seller is in the EU, Incoterms 2020 recommends using the FCA condition instead of EXW. It is better to use the EXW condition only for domestic deliveries.

What are the seller's obligations?

- The seller delivers the goods to the place specified by the buyer, on the agreed date or within the agreed period.
- The seller delivers the goods together with the commercial invoice in accordance with the contract of sale and any other evidence of conformity with the documents, which were mentioned in the contract (in paper or electronic form).
- At the buyer's request provides the risk and cost of assistance in obtaining the authorization necessary for the export of goods.
- Notifies the buyer of the date the goods are left at the buyer's disposal.

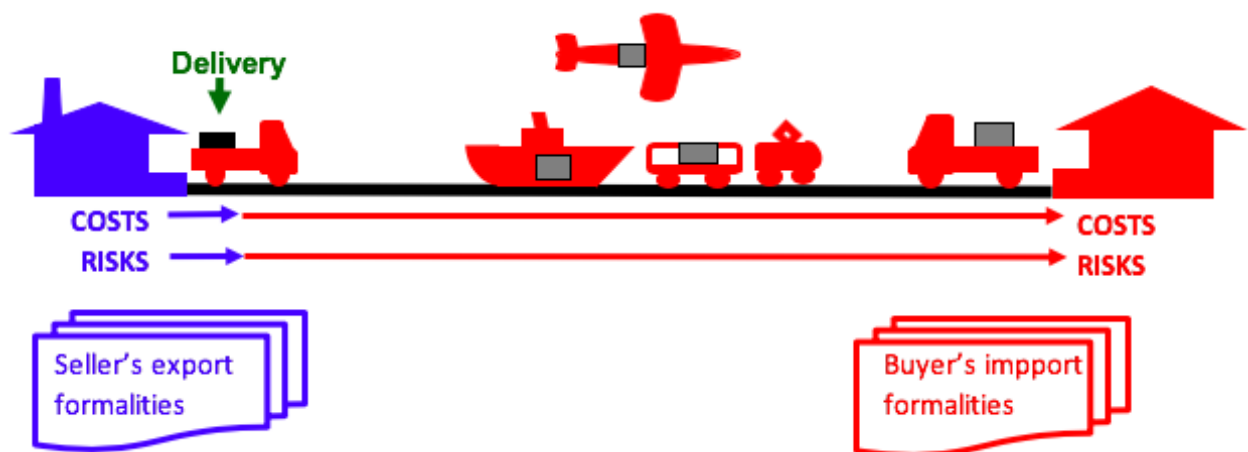
- Provides the buyer with all assistance in obtaining any documents necessary for completing export, import or transit clearance formalities.
- The seller provides the buyer with any information necessary for obtaining insurance (at his expense and request).

What are the buyer's obligations?

- The buyer, at his own risk and cost, obtains documentation authorizing him to export and carry out all for export, import or transit clearance formalities.
- Carries out all import, export and transit clearance formalities.
- Organizes the transport of goods from the place of delivery.
- Takes the delivery of the goods and provides the seller with evidence of having taken delivery.
- From the moment the goods are delivered in accordance with the contract, he bears all the costs and risks of the goods.

Unloads and loads the goods in the export and import port.

2) FCA (Free Carrier (named place of delivery))



*Source - Internet

Delivery is considered complete when the goods are delivered to the carrier named by the buyer, or at the seller's premises, or at any other place specified by the buyer (for example, in the carrier's terminal).

Almost 40% of contracts all over the world are concluded based on this rule.

Type of transport - all modes.

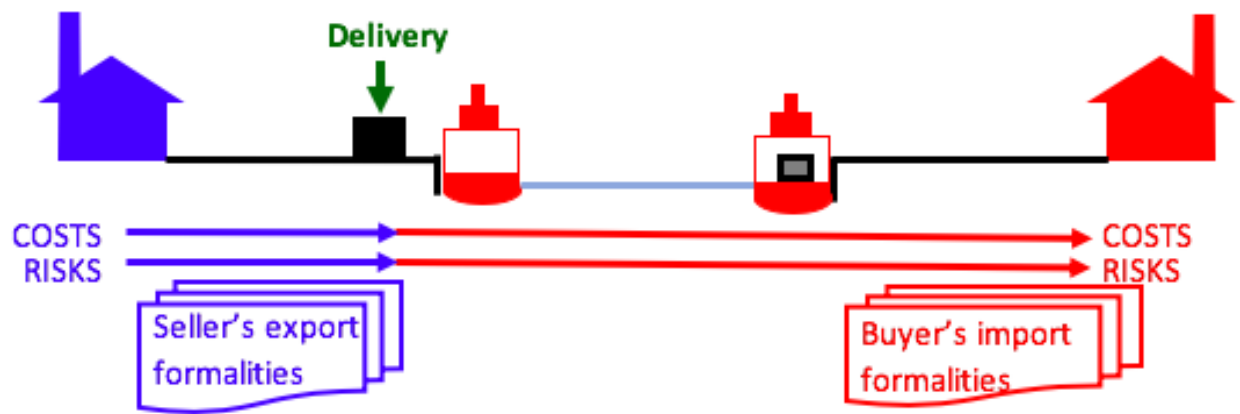
What are the seller's obligations?

- The seller has to provide the goods, the commercial invoice and other evidence of conformity as may be required and specified in the contract,
 - Upon request and at the buyer's expense, the seller enables and assists in obtaining a shipping document,
 - Appoints a person responsible for loading the goods to the vehicle of the purchaser of the products,
 - The seller is responsible for preparing the goods for loading (measurement and packing of the goods),
 - He adjusts the goods for export and bears the risks and costs involved,
- At the request of the buyer, he may conclude a contract of carriage on normal terms and conditions at the cost and risk of the buyer.

What are the buyer's obligations?

- The buyer completes the formalities related to the import of goods and their transport from the moment of delivery by the seller to the courier,
- He bears the risk of losing or damaging the products from the moment of delivery to the courier,
- It concludes transport contracts, although the seller may (as an additional service) arrange transport at the expense and risk of the buyer,
- He takes care of all necessary transit formalities and preparing the goods to import,
- The buyer orders transport,
- He takes delivery of the goods at the place agreed upon in the contract in advance.

3) FAS (*Free Alongside Ship (named port of shipment)*)



*Source - Internet

Delivery complete when the seller delivers the goods by placing them alongside the ship indicated by the buyer or at the point of loading/port (if any) or when purchasing already delivered goods..

Type of transport – sea or inland waterways.

Features: In the contract it is necessary to specify as much as possible precisely point of loading in port of shipment of the goods as to this point all risks and expenses are borne by the seller, and after delivery to this point - the buyer.

What are the seller's obligations?

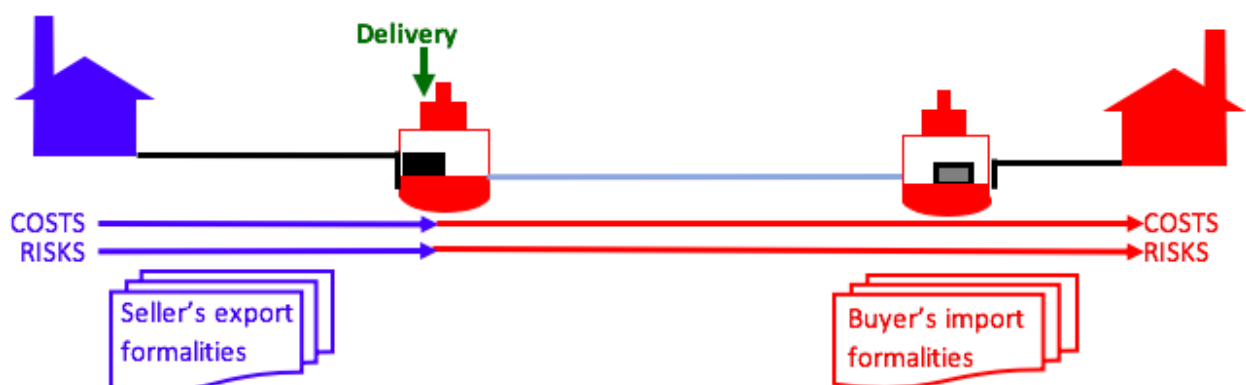
- Carrying out all the duties under the terms of delivery specified in the contract. This means delivery of the goods along with a commercial invoice in conformity with the contract of sale and other related documents.
- Delivering goods by placing them alongside the ship within the prior specified period and at the named port indicated by the buyer.
- Informing the buyer in advance of the delivery of the goods.
- Providing at his own expense a document confirming delivery of the goods to the buyer. If such proof is a transport document, the seller must assist the buyer, at his request, risk, and cost, in obtaining it.
- at the buyer request, risk and cost in obtaining any documents necessary for transit and import clearance formalities.
- Packaging and marking the goods.

- Operating according to all transport-related security requirements until delivery of the goods to the buyer.

What are the buyer's obligations?

- Concluding the contract of carriage from the named port of shipment, except where the contract of carriage is made by the seller (at the buyer's expense and risk).
- Assisting the seller, at his request, risk, and cost, in obtaining any documents necessary for the export clearance formalities.
- The buyer must notify the seller in advance of any safety requirements related to transport, ship name, loading point and the delivery date within the period agreed in the contract.

4) FOB (Free On Board (named port of shipment))



*Source - Internet

The time of delivery shall be deemed to be the time when the goods are loaded to the vessel designated by the buyer, on the designed date, and in the form prescribed by the port authorities.

Type of transport – sea or inland waterways.

Features: It is not advisable to use this term if the goods are transferred to the carrier before they get on board the ship (for example, the goods are in containers that are usually delivered to the terminal). In such cases, the term FCA is used.

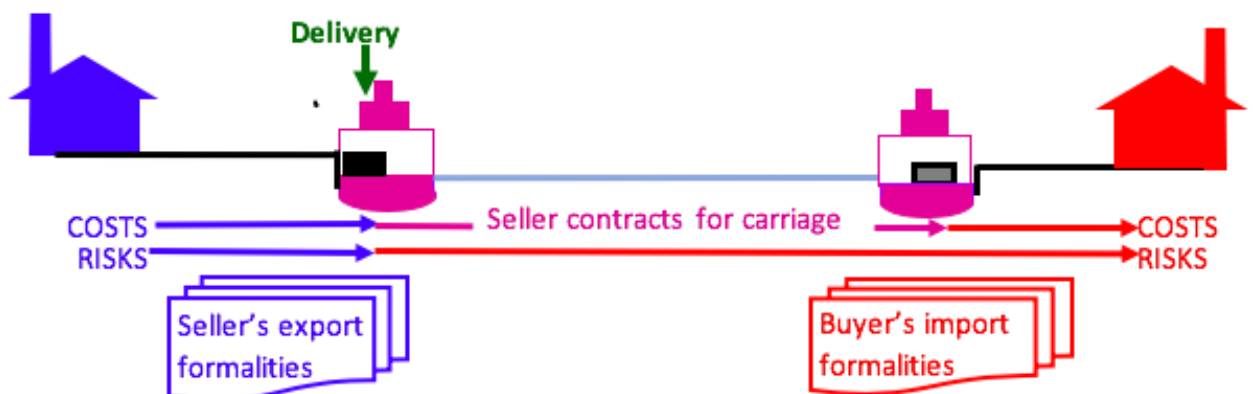
What are the seller's obligations?

- The seller has to deliver the goods to the vessel at the place designated by the buyer. He also has to bear the costs involved.
- Obtains permission to export products.
- The seller shall be fully liable for any damage to the goods before loading to the vessel.
- Informs the buyer of all undesirable events that occur during the delivery of products to the ship.
- Informs the buyer that the goods have been delivered to the ship.
- He delivers sales notes.
- The seller is responsible for the export clearance and related costs.

What are the buyer's obligations?

- The buyer is responsible for any damage to the goods and theft after the goods have been loaded into the ship.
- He bears the costs related to the conclusion of the transport contract and import issues.
- It shall inform the seller about designated port, the name of the vessel and the delivery date.
- Organizes import clearance and bears the associated costs.

5) CFR (named port of destination)



*Source - Internet

The moment of delivery and transfer of risk is when the goods are on board the vessel.

Type of transport – sea or inland waterways.

Features: In the contract it is necessary to specify precisely the point in the port of destination agreed by the parties as to this point expenses are paid by the seller. It is not advisable to use this term if the goods are transferred to the carrier before the moment when he gets on board the vessel. In such cases, the term CIP is used.

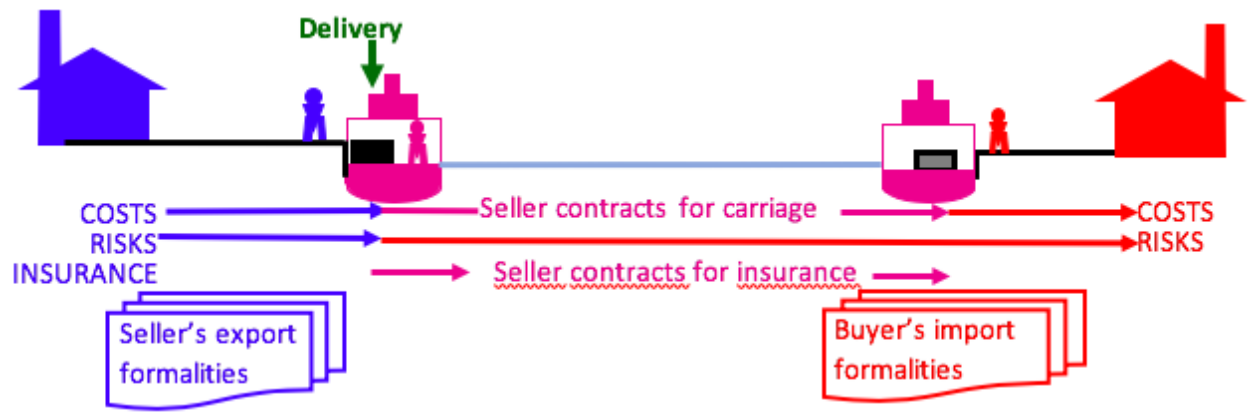
What are the seller's obligations?

- Loading at the starting point of transport.
- Making a contract for carriage.
- Delivering the goods on board the vessel along with a commercial invoice in the place indicated by the buyer, as well as bearing the costs related to it.
- Controlling the quality of goods, weighing, measuring and counting the goods – necessary before loading the goods onto the ship.
- Safe packaging of goods necessary for transport to avoid unnecessary risk.
- Operating according to all transport-related security requirements for transport to the destination.
- Providing a transport document issued to the destination port of the goods and its copy in electronic form.
- Providing information to the buyer at his expense and risk needed to obtain insurance.

What are the buyer's obligations?

- Taking up the delivery at the time and place specified in the contract.
- Transporting the goods from the named port of destination to the main office and unloading at the port.
- Informing the seller about the port of destination and date of delivery.
- The buyer obtains the import license necessary for the transaction and bears the costs of carrying out customs clearance.
- Carrying out pre-shipment controls of the goods (if it is required in the country from which the goods are shipped).

6) CIF (*Cost, Insurance and Freight (named port of destination)*)



*Source - Internet

Delivery took place at the moment when the goods got on board the vessel at the port of shipment. The seller is obliged to pay for delivery (freight) to the port of destination and insure the goods in favor of the buyer.

Type of transport – sea or inland waterways.

Features: In the contract it is necessary to specify precisely the point in the port of destination agreed by the parties as to this point expenses are paid by the seller. It is not advisable to use this term if the goods are transferred to the carrier before the moment when he gets on board the vessel. In such cases, the term CPT is used. The buyer must understand that the seller guarantees only the minimum insurance coverage. The buyer may require that additional insurance coverage be established in the contract.

What are the seller's obligations?

- The seller is obliged to conclude a contract of carriage to a designated port of shipment at his own expense.
- Conclude and pay the freight contract costs.
- The seller is responsible for the loading the goods on the vessel.
- The seller is obliged to conclude an insurance agreement (with minimum coverage) and deliver it to the buyer.
- Is responsible for the export clearance and related costs.

What are the buyer's obligations?

- The buyer is responsible for any damage or theft of the goods after the goods have been loaded to the vessel.

- Is obliged to bear all the costs required to obtain the certificate of origin, consular documents and import rates of duty.
- He has to inform the seller of the designated port, the name of the vessel and the delivery date.
- He organizes the import clearance and bears all related costs.
- The buyer has to obtain all documents necessary for import or transit.

7) CPT (*Carriage Paid To (named place of destination)*)



*Source - Internet

Delivery took place when the seller delivered the goods to the carrier designated by him or another person in a place agreed by the parties. The seller pays for the transportation of the goods to the specified destination.

Type of transport - all modes.

Features: The contract should specify as precisely as possible the place of delivery, where the risk passes to the buyer, the destination to which the seller is obliged to pay for delivery. This term should be used if the goods are delivered from seller to buyer by several modes of transport (for example, first by rail and then by sea).

What are the seller's obligations?

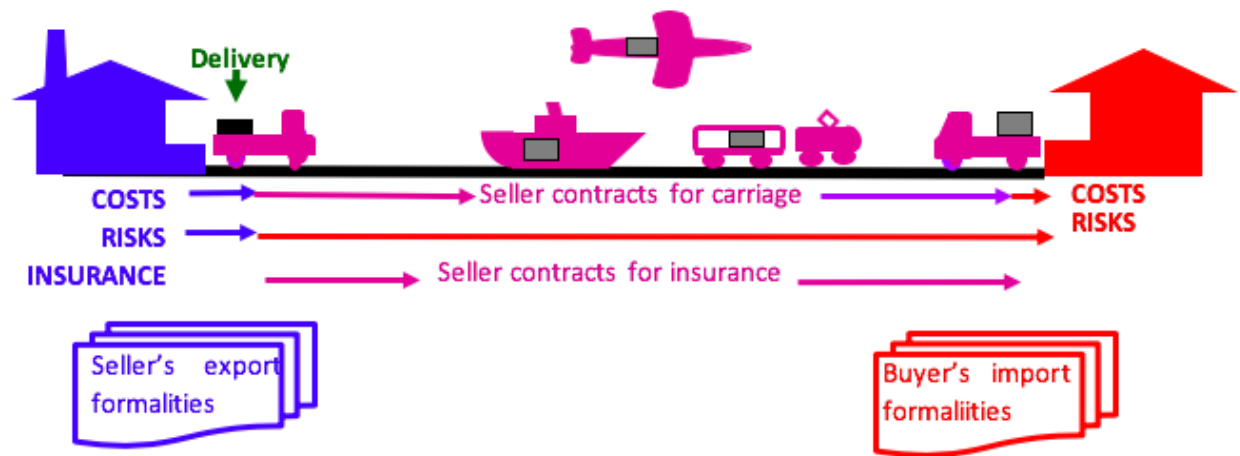
- Seller provides commercial invoice and other required documents in paper or electronic form.
- Seller is responsible of delivery of goods to the carrier at the place of delivery on the agreed date or within the agreed period.

- Seller is responsible for damage or loss of goods until they are handed over to the carrier at the named point and within the specified time.
- Seller has to contract or organize the transport of goods to the named place of destination. If such a place does not exist, the seller can choose the point that best suits this purpose.
- One of the seller obligations is operating according to all transport-related security requirements for transport to the destination.
- Seller has to carry out and pay for export clearance, as well as assisting the buyer with import clearance.
- Seller counts and weigh goods and, if required, packs the goods at its own expense.
- Seller informs the buyer about the delivery of goods to the carrier and provides the buyer with documents authorizing the buyer to take over the goods.
- The seller is not obliged to make a contract of insurance but must provide information for this purpose at the buyer's request.

What are the buyer's obligations?

- Buyer takes up the delivery of the goods.
- He takes responsibility for damage or loss of goods from the time they have been handed over to the carrier.
- Buyer accepts documents provided by the seller.
- Buyer has to carry out and pay for import clearance, as well as assist the seller with export clearance.
- He inform the seller about the place and date of delivery.
- The buyer is not obliged to make a contract of carriage.
- The buyer is not obliged to make a contract of insurance.

8) CIP (*Carriage and Insurance Paid To (named place of destination)*)



*Source - Internet

Delivery of the goods is the moment of handing over the goods to the carrier. If there are several carriers, the seller is liable for the goods only until they are handed over to the first carrier. The risk related to the damage or loss of the goods transfers from the seller to the buyer at the time of placing the goods, e.g. on a ship or a train. The seller is obliged to pay for delivery to the specified destination and insure the goods.

Type of transport - all modes.

Features: This term is convenient to use if more than one mode of transport is used to deliver the goods. If the parties want the risks to pass to the buyer not on the first carrier, but on the next stage of transportation, then this should be explicitly stated in the contract.

What are the seller's obligations?

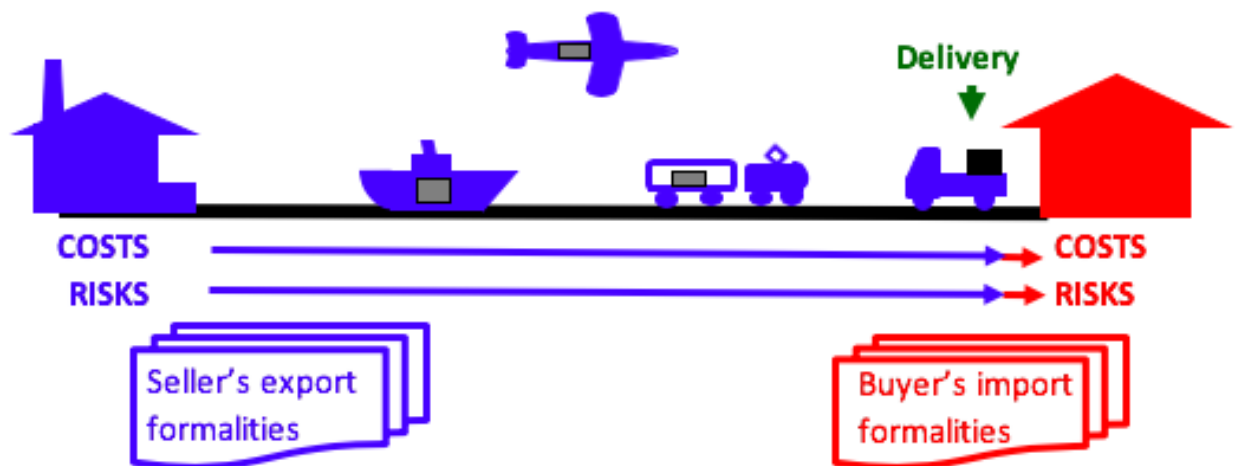
- Carrying out all the duties under the terms of delivery specified in the contract.
- Handing over the goods to the carrier on the agreed date stated in the contract.
- Contracting or organizing the carriage of the goods from the agreed point of delivery to the named place of destination.
- Operating according to all transport-related security requirements for transport to the destination.
- Packaging and marking the goods.

- Assisting the buyer in obtaining any documents necessary for transit and import clearance formalities.

What are the buyer's obligations?

- Taking delivery of the goods.
- Carrying out and paying for import clearance.
- Obtaining documents necessary for import and transit.
- Assisting the seller, at his request, risk, and cost, in obtaining any documents necessary for the export formalities.
- Informing the seller about the place and date of delivery.

9) DAP (Delivered At Place (named place of delivery))



*Source - Internet

Delivery took place at the moment when the goods are made available to the buyer on a vehicle that has arrived and is ready for unloading at the agreed destination.

Type of transport - all modes.

Features: This term should be used if several modes of transport are used. The seller is not obliged to perform customs formalities when importing goods into the country of destination. If the parties want to oblige the seller to do this, then the term DDP should be used.

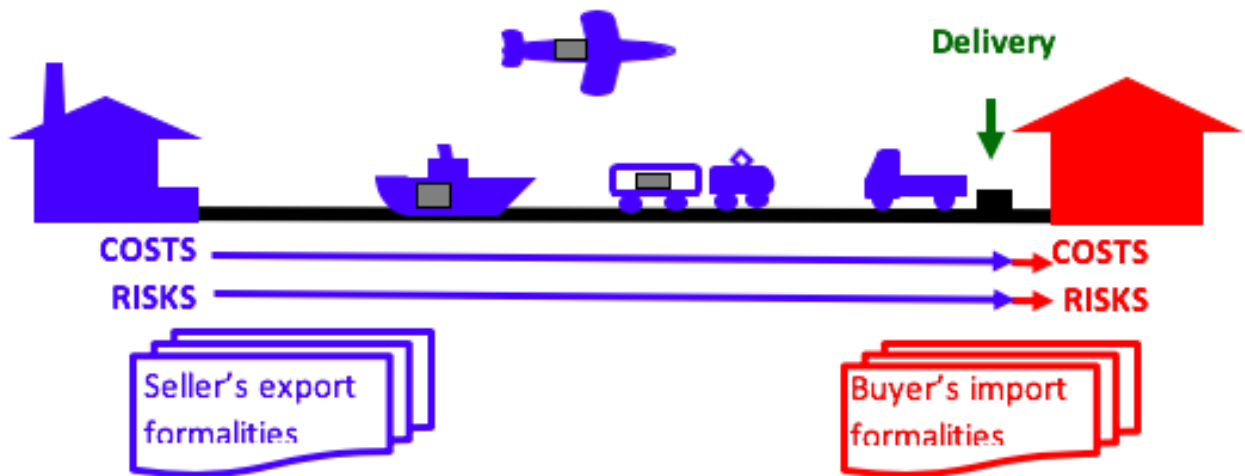
What are the seller's obligations?

- Seller provides commercial invoice and other required documents in paper or electronic form.
- He delivers goods ready for unloading at a named place and within the specified period.
- He takes responsibility for damage or loss of goods until they are delivered at the agreed point and time.
- The seller's obligation is contracting or organizing the transport of goods at the indicated destination at his own cost. If such a place is not specified, the seller can choose the point that best suits this purpose.
- Seller operates according to all transport-related security requirements for transport to the destination.
- The seller has to carry out and pay for all export and transit clearance, as well as assist the buyer with import clearance.
- He has to count and weigh goods and, if required, pack the goods.
- He provides the buyer with documents authorizing the buyer to take over the goods.
- The seller is not obliged to make a contract of insurance.

What are the buyer's obligations?

- Buyer pays the price of the goods as provided in the contract of sale.
- He takes up the delivery of the goods.
- Buyer has to accept documents provided by the seller for being enabled to take up the goods.
- He takes responsibility for damage or loss of goods from the time they have been delivered.
- Buyer has to carry out and pay for import clearance, as well as assist the seller with export clearance.
- Buyer informs the seller about the designated port/place of delivery, types of means of transport and date of delivery.
- The buyer is not obliged to make a contract of insurance but must provide information for this purpose at the seller's request.

10) **DPU** (*Delivered at Place Unloaded (named place of delivery)*)



*Source - Internet

The seller delivers the goods to the buyer by placing them at the disposal of the buyer at the agreed terminal discharged from the arriving vehicle.

Type of transport - all modes.

Features: This term should be used if several modes of transport are used. The contract recommends the exact place of unloading, as the risks to this point are borne by the seller. If the parties wish to transfer to the seller the costs and risks associated with unloading and loading, transportation of goods from the terminal to another location, then the terms DAP, DDP should be used.

What are the seller's obligations?

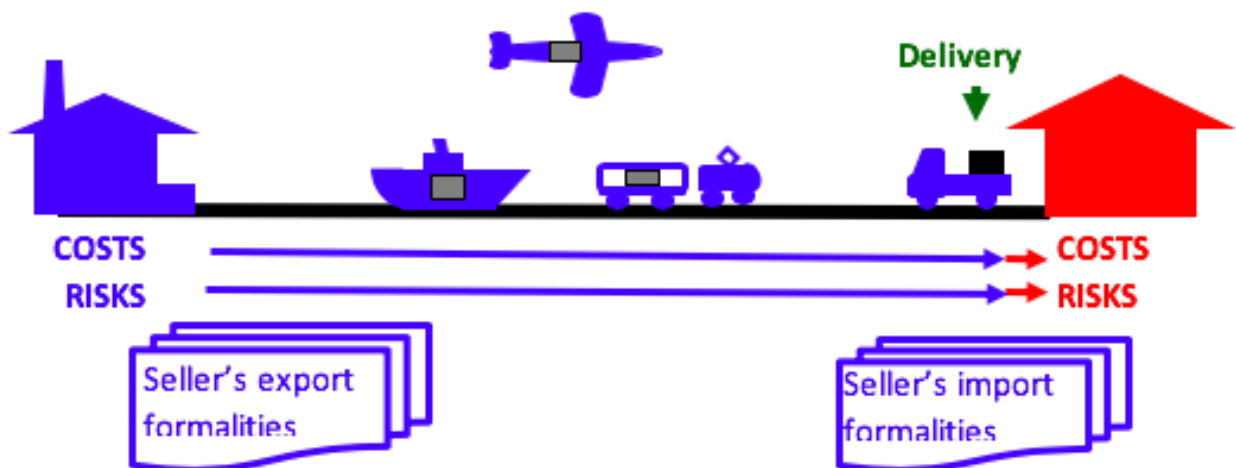
- Carrying out all the duties under the terms of delivery specified in the contract. This means delivery of the goods along with a commercial invoice in conformity with the contract of sale and other related documents.
- The seller is responsible for unloading goods from arriving means of transport, and then delivering by placing them at the disposal of the buyer at the point agreed in the contract.
- Contracting the carriage of the goods.

- Providing the buyer, at his own expense, with all documents necessary to enable the buyer to take over the goods.
- Assisting the buyer at the buyer request, risk and cost in obtaining any documents necessary for transit and import clearance formalities.
- Packaging and marking the goods.
- Informing the buyer about matters related to receiving the goods.
- Unloading goods at the place of delivery.

What are the buyer's obligations?

- Assisting the seller, at his request, risk and cost, in obtaining any documents necessary for the export and transit clearance formalities.
- Carrying out and paying for import clearance.
- Informing the seller in advance of all safety requirements related to transport, ship name, loading point and possible delivery date within the period agreed in the contract.

11) DDP (*Delivered Duty Paid (named place of delivery)*)



*Source - Internet

Delivery took place at the moment when the seller provided the buyer at the destination with goods that have been cleared for import and are ready for unloading.

Type of transport - all modes.

Features: This term should not be used if the seller is unable to complete the import customs formalities directly or through intermediaries. If the parties impose obligations on customs clearance of goods at import on the buyer, then the term DAP should be used.

What are the seller's obligations?

- The seller is obliged to deliver the goods and all necessary documents to a destination agreed upon by both parties and at a specified date (the documents may be in paper or electronic form),
- He must properly pack and label the goods so that they can be transported (unless the parties have agreed otherwise in advance),
- The seller must provide the buyer with all the information/documents required to enable the buyer to take delivery of the goods.

What are the buyer's obligations?

- He is obliged to collect the goods,
- The buyer is not obliged to conclude the insurance contract, but must provide the seller (at his request) the information he needs to obtain insurance,
- The buyer is obliged to assist the seller (at his request) in obtaining all documentation related to import, export and transit,
- If both parties agree that the buyer is obliged to determine the time and place of delivery, he must also notify the seller in advance.

Without being bound by a specific term of delivery, it should be noted that the rules define:

- the moment the seller fulfills his obligations to deliver the goods;
- responsible for customs clearance of goods for export and import;
- distribution of costs between the seller and the buyer for the implementation of procedures for the release of goods for free circulation;

- responsible for the risks of death or damage to the goods on the way from the seller to the buyer;
- one of the parties to the contract responsible for the organization of transportation;
- the necessary package of documents that will come to the buyer with the goods;
- the necessary packaging for the product, as well as its labeling;
- other terms of the foreign trade contract entered into by the parties to the agreement.

Linking the requirements of the Incoterms 2020 Rules with the customs value, it should be noted that the terms of delivery significantly affect the procedure for determining the customs value.

In this case, each national legislation determines the degree of impact of the amount of costs in accordance with the terms of delivery.

In the event that the contractors specify in the text of the contract conditions that are significantly different from those set out in the Incoterms Rules, the conditions specified by the parties in the text of the contract shall prevail.

Separation of responsibilities between seller and buyer in Incoterms 2020 are present in table 3.1.

Table 3.1.

Separation of responsibilities between seller and buyer

	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP
Packing in the seller's warehouse	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading work	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Domestic transportation	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export formalities	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
The cost of passing the terminal at the place of departure	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on the main transport	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Freight	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance	Buyer*	Buyer*	Buyer*	Buyer*	Buyer*	Seller	Buyer*	Seller	Buyer*	Buyer*	Buyer*
The cost of passing the terminal at the destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery to the destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Unloading at the destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer
Import formalities	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

* - there are no obligations regarding compulsory insurance

**Source - Internet

Questions for self-control:

1. Define the contract.
2. What are the main points of the contract?
3. What do you know about the international rules of Incoterms 2020?
4. How many groups of terms of delivery does Incoterms 2020 include?
5. What are the main characteristics for each group of terms of delivery in Incoterms 2020?
6. What transport can be used for each group of terms of delivery in Incoterms 2020?
7. In which terms of delivery is compulsory insurance provided?
8. What do the Incoterms rules define in general, if not limited to a specific delivery group?

Tests:

1. *The condition "Incoterms - 2020" EXW means*

- a) delivery to the border (... name of the place of delivery);
- b) cost and freight (... name of port of destination);
- c) ex-works (... place name);
- d) duty-paid supplies.

2. *The condition "Incoterms - 2020" FCA means*

- a) delivery from the vessel (... name of port of destination);
- b) free carrier (... name of destination);
- c) duty free delivery (... name of destination);
- d) freight / transportation and insurance paid to (... name of destination).

3. *The condition "Incoterms - 2020" FAS means*

- a) free alongside ship (... named port of shipment);
- b) free on board (... name of port of shipment);
- c) freight / transportation paid to (... name of destination);

d) delivery from the berth (... name of the port of destination).

4. The condition "Incoterms - 2020" FOB means

- a) ex-works (... place name);
- b) free on board (... name of port of shipment);
- c) freight / transportation and insurance paid to (... name of destination);
- d) delivery to the border (... name of the place of delivery).

5. The condition "Incoterms - 2020" CFR means

- a) duty-paid delivery (... name of destination);
- b) delivery from the berth (... name of the port of destination);
- c) freight / transportation and insurance paid to (... name of destination);
- d) cost and freight (... name of port of destination).

6. The condition "Incoterms - 2020" CIF means

- a) freight / transportation paid to (... name of destination);
- b) duty-free delivery (... name of destination);
- c) cost, insurance and freight (... name of port of destination);
- d) ex-works (... place name).

7. The condition "Incoterms - 2020" CPT means

- a) free on board (... name of port of shipment);
- b) freight / transportation paid to (... name of destination);
- c) delivery to the border (... name of the place of delivery);
- d) delivery from the berth (... name of the port of destination).

8. The condition "Incoterms - 2020" CIP means

- a) free on board (... name of port of shipment);
- b) cost and freight (... name of port of destination);
- c) duty free delivery (... name of destination);

d) freight / transportation and insurance paid to (... name of destination).

9. The condition "Incoterms - 2020" DPU means

- a) delivery to the terminal (... name of the place of delivery);
- b) delivery to destination with unloading (... name of destination);
- c) free on board (... name of port of shipment);
- d) cost and freight (... name of port of destination).

10. The condition "Incoterms - 2020" DAP means

- a) free on board (... name of port of shipment);
- b) cost, insurance and freight (... name of port of destination);
- c) delivery at the point (... name of the port of destination);
- d) delivery from the berth (... name of the port of destination).

11. The condition "Incoterms - 2020" DDP means

- a) duty-paid delivery (... name of destination);
- b) delivery from the berth (... name of the port of destination);
- c) cost, insurance and freight (... name of port of destination);
- d) duty-free delivery (... name of destination).

12. Incoterms developed by:

- a) the International Chamber of Commerce;
- b) the World Trade Organization;
- c) Chamber of Commerce and Industry.

13. Specify the number of basic terms of delivery for Incoterms 2020:

- a) 7;
- b) 11;
- c) 9.

14. Indicate which of the following points indicates the countries in which the international rules of Incoterms apply?

- a) China, Kazakhstan, India;
- b) USA, Poland, Belarus;
- c) Thailand, Pakistan, Brazil.

Topic 4. CUSTOMS PAYMENTS

CONTENT:

- 4.1. The essence of customs taxation, classification of customs payments.
- 4.2. Duty.
- 4.3. Excise tax.
- 4.4. Value added tax.

4.1. The essence of customs taxation, classification of customs payments.

Customs taxation this is one of the important directions of customs policy of the state, the method of customs regulation of foreign economic processes.

Customs duties these are taxes that in accordance with the Tax Code or customs legislation of the country cope during the movement or in connection with the movement of goods across the customs border.

Type of the customs duties:

- 1) import and export customs duty;
- 2) value added tax charged on goods imported into the customs territory of the country;
- 3) excise tax (excise taxes) charged on goods imported into the customs territory of the country;
- 4) others customs duties.

Customs duties perform the following tasks:

- *fiscal*, that is, customs duties are the source of filling the country's budget;
- *stimulating*, which are aimed at the development of the national producer;
- *regulatory*, which affect the formation of the volume and structure of exports, imports, consumption.

Customs payments can be classified:

1. By value:

- *basic*, which paid in most cases, do not require special actions;
- *additional*, which paid for additional services.

2. By channel of receipt:

- paid to the state budget;
- come to other accounts.

3. By direction:

- import;
- export.

4.2. Duty

The duty performs the following functions:

- 1) *fiscal*, as they are one of the items of the revenue side of the state budget;
- 2) *protective* - with its help the state protects domestic producers from unwanted foreign competition;
- 3) *stimulating* - creating conditions for increasing exports;
- 4) *regulatory* - through the formation of a rational structure of imports and exports;
- 5) *statistical* - provides accounting and state control over the movement of goods, vehicles and other goods across the customs border of the country.

Kind of duties:

- **by method of recovery:** *advalorem*, specific, combined;
- **by the nature of application:** seasonal, antidumping, compensatory;
- **by originally:** autonomous, conventional, preferential;
- **by type:** constant, changeable;
- **by accrual method:** nominal, effective;
- **by the object of laying:** export, import, transit.

According to the method of collection, a duty is allocated:

- *advalorem*, which is calculated as a percentage of the customs value of goods;
- *specific*, which determines the fixed amount charged from the unit of measurement of a particular product;
- *combined*, which is formed by a combination of the first two types of duties.

By the nature of the application of the duty may be:

- *seasonal*, which is accrued in a particular season;
- *antidumping*, which is used in case of detection of the fact of import of goods at dumped prices, which leads to significant losses in national industries;
- *compensatory*, which is used to neutralize subsidies provided by the state of the exporter to increase the competitiveness of goods in the markets.

By the nature of the origin of the duty may be:

- *autonomous*, established by the legislative documents of a particular country without taking into account the existence of bilateral or multilateral agreements with other countries on foreign trade relations;
- *conventional*, formed by bilateral or multilateral negotiations and may not be promoted by any state unilaterally;
- *preferential*, that is, these are special preferential rates that apply to imported goods originating in certain countries or groups of countries.
- *compensatory*, which is used to neutralize subsidies provided by the state of the exporter to increase the competitiveness of goods in the markets.
- **According to the object of taxation, the duty is divided** for import, export and transit. These names indicate the existence of certain rates of duty on goods imported, exported or transited.
- **Depending on the type of rates, the duty can be constant or variable.** Public authorities, according to the created circumstances or cannot change them, or they are subject to change, accordingly, in case of observance of certain conditions.
- **According to the method of calculating rates, there are duties** *nominal*, which is specified in the customs tariff, and *effective*, which determines the level of customs duty on imported goods, calculated at customs tariff rates.

The customs tariff is a list of import duty rates systematized according to the classification of goods of foreign economic activity, which is levied on goods imported into the customs territory of the country.

Duties payers (taxpayers) are:

- 1) a person who imports goods into the customs territory of the country or exports goods from the customs territory of the country;
- 2) a person whose address includes goods transported (forwarded) in international postal or express shipments, unaccused baggage, cargo shipments;
- 3) a person who has to pay duties in case of violation of the requirements of use of goods exempted from taxation duties;
- 4) a person who uses goods whose customs clearance was carried out with conditional tax exemption, not for the intended purpose or contrary to the terms or purposes of such exemption, as well as any other persons who unreasonably use the tax exemption (tax benefit);
- 5) a person who sells or transfers goods issued in free circulation in the customs territory of the country with tax exemption by customs duties before the expiration of the period specified by law;
- 6) a person who sells goods, vehicles for commercial purposes.

The tax base of duty is:

- 1) *when using an ad valorem duty rate* – customs value of goods;
- 2) *when using a specific duty rate* – quantity of goods in units of measurement;
- 3) *when using a combined duty rate* – customs value of goods and quantity of goods in units of measurement.

Duty Formula:

- 1) *Ad Valorem Tax (Fixed Percentage)*

Tax Liability = Price of Product × Tax Rate × quantity;

- 2) *Specific Tax (Fixed Currency)*

Tax Liability = Quantity × Tax per Unit.

- 3) *Combined Tax (Fixed Percentage and Fixed Currency)*

$\text{Tax Liability} = \text{Price of Product} \times \text{Tax Rate} \times \text{quantity} + \text{Quantity} \times \text{Tax per Unit}.$

Customs legislation of the country may provide for exemption from taxation of duties depending on the chosen customs regime, for example:

- 1) *import duty* – goods placed under the customs regime of re-import;
- 2) *export duty* – goods placed under the customs regime of re-export.

Conditional full exemption from taxation may apply:

1) *import duty* – to goods placed under the customs regimes of transit, temporary import, customs warehouse, free customs zone, duty-free trade, processing in the customs territory, destruction or destruction;

2) *export duty* – to goods placed under the customs regimes of transit, temporary export.

4.3. Excise tax

Excise tax – indirect tax on the consumption of certain types of goods (products) defined by the legislation of the country as excisable.

This tax is included in the price of such goods (products).

Excise taxes are taxes required on specific goods or services, for example, like fuel, tobacco, and alcohol.

Excise tax base is:

- 1) *when using an ad valorem rate* – customs value of goods;
- 2) *when using a specific rate* – quantity of goods in units of measurement.

Excise Tax Formula:

- 1) *Ad Valorem Tax (Fixed Percentage)*

$\text{Tax Liability} = \text{Price of Product} \times \text{Tax Rate} \times \text{quantity};$

- 2) *Specific Tax (Fixed Currency)*

$\text{Tax Liability} = \text{Quantity} \times \text{Tax per Unit}.$

Advantages of Excise Tax:

1) If the Excises taxes are higher, it increased the government revenue, which they can spend towards government scheme, which is for the betterment of a

country and people when the price of goods and services goes up, tax revenues also go up.

2) The specific tax system is easy to administer because one has only to estimate the number of goods and services transacted.

3) The Ad valorem tax takes care of frequent increases in prices and does not require indexing of the rate, as is the case with a specific tax rate system.

4) It is easier to collect and tax liability easy to measure as compared to other taxes, and it is a significant source of government revenue.

5) Health benefit as higher excise tax is imposed on products which are harmful to the health, which reduces the consumption of harmful products.

Disadvantages of Excise Tax:

1) They increase the price of the goods, which ultimately increase the burden on the final beneficiary of goods, and it also reduces the demands of goods due to higher prices and lesser demands means lower growth of industrialization.

2) Excise tax increases the project cost and cost of modern machinery and technology.

3) Prices of goods and services increase with inflation; the tax revenue remains the same in nominal values.

4) It is termed as regressive tax since it is uniform as it is the same whether it is purchased by a poor man or a rich person.

5) The amount of revenue to be raised by such tax cannot be easily predicted.

6) If it is not paid on time can lead to a heavy financial penalty as decided by the country tax agency.

4.4. Value added tax

Value added tax is one of the important tools for filling the state budget of most countries with market economies and an effective tool in regulating foreign economic activity.

Value Added Tax (VAT), known in some countries as a goods and services tax (GST) – indirect tax, which is accrued and paid in accordance with the legislation of a particular country.

Calculation of Value Added Tax

$$\text{VAT to be paid to Government} = \text{Output VAT} - \text{Input VAT}$$

Output VAT = It is a tax charged on the sale of goods. It is charged on the selling price of the goods.

Input VAT = It is the tax paid on the purchase of goods. It is paid at the cost price of the goods.

Value Added Tax (VAT) that apply in European Union countries are presented in table 4.1.

Table 4.1

Value Added Tax (VAT) in European Union countries

Country	<i>standart rate</i>	<i>reduced rate</i>
Hungary	27%	18% (milk and dairy products, etc) or 5% (pharmaceutical products, medical equipmen, etc) or 0% (postal services, medical services, mother's milk, etc.)
Croatia	25%	13% or 5%
Denmark	25%	0%
Sweden	25%	12% (e.g. food, hotels and restaurants), 6% (e.g. books, passenger transport, cultural events and activities), 0% (e.g. insurance, financial services, health care, dental care, prescription drugs, immovable property)
Poland	23%	8% or 5% or 0%
Italy	22%	10% (e.g. hotels, bars, restaurants and other tourism products) or 4% (e.g. grocery staples, daily or periodical press and books,)
Spain	21%	10% or 4% 3% or 0% in Canary Islands
Bulgaria	20%	9% (hotels) or 0%
France	20%	10% or 5.5% or 2.1%
Germany	19%	7% (for foodstuffs (except luxury), books, flowers etc., 0% for postage stamps

Cyprus	19%	5% (8% for taxi and bus transportation)
Luxembourg	17%	14% on certain wines, 8% on public utilities, or 3% on books and press, food (including restaurant meals), children's clothing, hotel stays, and public transit

*Source – Internet

Value Added Tax (VAT) that apply in Non-European Union countries are presented in table 4.2.

Table 4.2

Value Added Tax (VAT) in Non-European Union countries

Country	<i>standart rate</i>	<i>reduced rate</i>
Norway	25%	15% (food), 12% (public transport, hotel, cinema) and 0% for electric cars
Argentina	21%	10.5% or 0%
Ukraine	20%	7% or 0%
United Kingdom	20%	5% (residential energy/insulation/renovations, feminine hygiene products, child safety seats and mobility aids) and 0% (for life necessities – basic food, water, prescription medications, medical equipment and medical supply, public transport, children's clothing, books and periodicals)
Central African Republic	19%	
Turkey	18%	8% or 1%
Ghana	15%	
Japan	10%	8% (groceries)
Iran	9%	
Nigeria	7,5%	

*Source – Internet

Advantages of VAT:

1) As compared to other taxes, there is a less chance of tax evasion. VAT minimizes tax evasion due to its catch-up effect.

2) VAT is simple to administer as compared to other indirect tax.

3) VAT is transparent and has minimum burden to consumers as it is collected in small fragments at various stages of production and distribution.

4) There is mass participation of taxpayers.

5) Revenue to the government under the VAT system will be constant as it is a consumption-based tax.

6) It is considered as a neutral tax as it levied on all types of business.

Disadvantages of VAT:

1) The VAT is a little complicated as the identification of value-added in each stage is not an easy job.

2) It can be considered effective only when the end consumers are aware of the tax system; otherwise, tax evasion is possible.

3) The Manufacturer and distributors have to pay tax in advance as the payment of tax cannot be postponed till the goods are sold to end-users.

4) Since VAT is a tax on the expense, this tax is regressive in nature, and it affects the poor more than rich as they spend more proportion of their income.

Principles Governing Value Added Tax (VAT):

1) Principle Of Transparency.

Tax evasion is not pervasive where accounting system is transparent. Therefore, value added tax is governed by the principle of transparency.

2) Principle Of Removing Cascading Effect.

Cascading effect means tax on tax i.e. tax is charged on the value including tax. But under sales tax system, sales tax paid at one stage is included in the cost price for another stage.

3) Principle Of Neutrality.

Neutrality means not to discriminate one to another. VAT does not discriminate one economic activity against others.

4) Principle Of Destination And Zero Rating.

Under this principle, goods and services are taxed at consumption point, but based on production.

Questions for self-control:

1. Name the types of customs payments.
2. In what currency are customs duties paid?
3. Name the types of duties depending on the direction of movement of goods.
4. How are import duties set?
5. How are export duties set?
6. Name the types of duties depending on the size of the rates.
7. Name the types of duties depending on the method of calculation.
8. List the classification features and the corresponding classifications of customs duties.
9. Give a general description of the procedure for collecting duties.
10. Name the features of taxation of excisable goods.
11. Describe the general provisions of VAT collection.

Tests:

1. As a percentage of the customs value of goods and other items studied, there is the following duty:

- a) specific;
- b) combined;
- c) ad valorem;
- d) mixed.

2. In the established monetary amount for the quantitative unit of goods and other items subject to duty (volume, weight, meter, piece or other), the following duty is charged:

- a) adrenaline;
- b) specific;
- c) antidumping;

d) special.

3. In the event of fluctuations in the price of goods, the specific duty is changed as follows:

- a) increases in proportion to the growth of the value of the goods;
- b) increases disproportionately to the growth of the value of the goods;
- c) does not change;
- d) in some cases decreases with increasing value of the goods.

4. When increasing the price of goods is more effective to use the following duty:

- a) specific;
- b) ad valorem;
- c) specific and combined;
- d) mixed.

5. When the price of the product falls, it is more efficient to use the following duty:

- a) ad valorem;
- b) specific;
- c) ad valorem and combined;
- d) special.

6. For discriminatory purposes, in order to block the import flow of a particular group of goods or goods from a particular country, the following duty shall be applied:

- a) combined;
- b) mixed;
- c) specific;
- d) special.

7. When calculating the combined duty, the following rates are used:

- a) only ad valorem;
- b) only specific;
- c) necessarily ad valorem and specific;
- d) ad valorem or specific, depending on the amount of accrual.

8. When calculating the mixed duty, the following rates are used:

- a) only ad valorem;
- b) only specific;
- c) necessarily ad valorem and specific;
- d) ad valorem or specific, depending on the amount of accrual.

9. Discriminatory and protectionist in relation to imports, as it creates significant trade barriers, especially price, for foreign goods is the following duty:

- a) ad valorem;
- b) specific;
- c) combined;
- d) mixed.

10. Protectionist-fiscal, as it is used not only to protect the national market, but also as a means of counteracting the reduction of the fiscal effect is the following duty:

- a) ad valorem;
- b) specific;
- c) combined;
- d) mixed.

11. Regulatory and fiscal, because the fiscal pressure on imports when using it is much less than the duty charged as a percentage of the customs value of goods, resulting in stimulated imports is the following duty:

- a) ad valorem;
- b) specific;
- c) combined;
- d) mixed.

12. Fiscal-regulatory, because, first of all, is an instrument of tax functions, and then regulatory is the following duty:

- a) ad valorem;
- b) specific;
- c) combined;
- d) mixed.

13. The national producer should be interested in the following sequence of use of import duties:

- a) ad valorem, specific, combined mixed;
- b) specific, ad valorem, mixed, combined;
- c) mixed, combined, ad valorem, specific;
- d) combined, specific, mixed, ad valorem.

14. One of the important areas of customs policy of the state, the method of customs regulation of foreign economic processes:

- a) Customs taxation;
- b) Customs declaration;
- c) Customs clearance;
- d) Customs formalities.

15. The functional tasks of customs payments include:

- a) regulatory;
- b) stimulating;
- c) fiscal;

d) All answers are correct.

16. By direction of customs payments are classified:

a) Imports;

b) Export;

c) Direct;

d) Correct answers A and B.

Topic 5. THE HARMONIZED COMMODITY DESCRIPTION AND CODING SYSTEM

CONTENT:

- 5.1. History
- 5.2. About Harmonized System
- 5.3. General Interpretative Rules

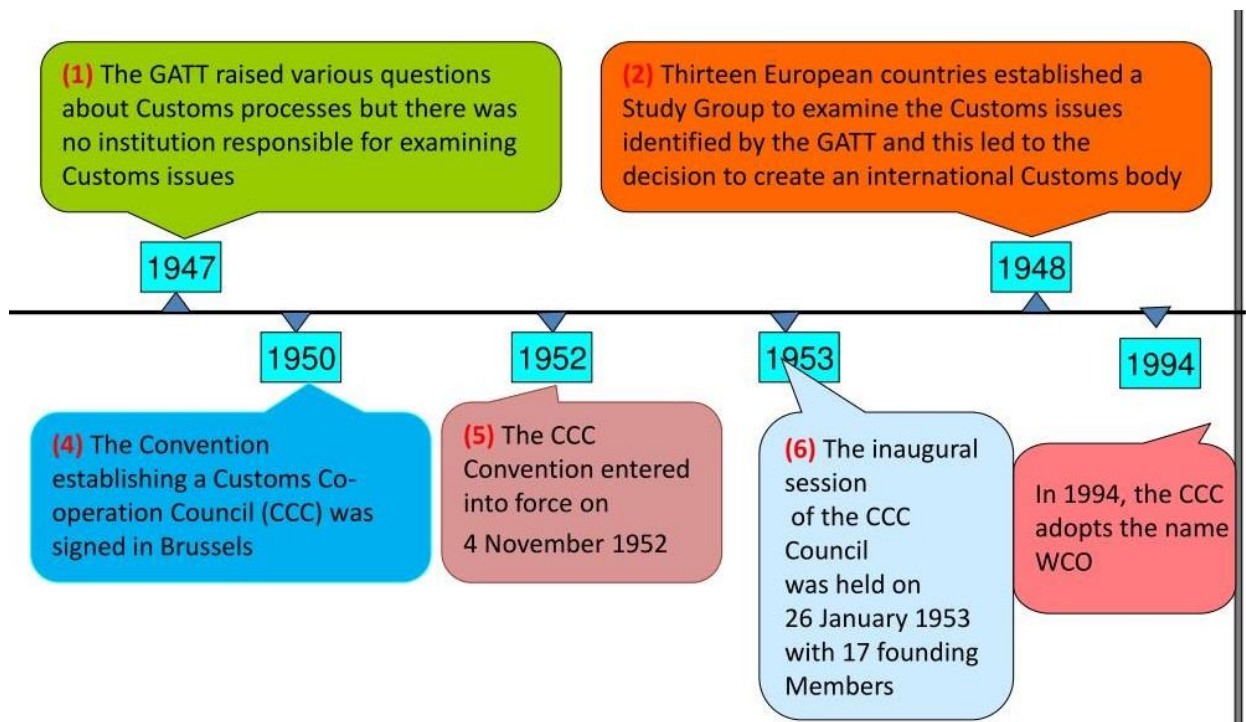
5.1. History

The Harmonized Commodity Description and Coding System, generally referred to as the Harmonized System or simply the "HS", is a multipurpose international product nomenclature developed by the World Customs Organization (WCO).

The HS is governed by "The International Convention on the Harmonized Commodity Description and Coding System", which was adopted in June 1983 and entered into force January 1988.

Historical background (pic. 5.1):

1. 1947 year. The GATT raised various questions about Customs processes but there was no institution responsible for examining Customs issues.
2. 1948 year. Thirteen European countries established a Study Group to examine the Customs issues identified by the GATT and this led to the decision to create an international Customs body.
4. 1950 year. The Convention establishing a Customs Co-operation Council (CCC) was signed in Brussels.
5. 1952 year. The CCC Convention entered into force on 4 November.
6. 1953 year. The inaugural session of the CCC Council was held on 26 January 1953 with 17 founding Members.
7. In 1994, the CCC adopts the name WCO APEC Workshop on the Advancement of Trade in IT Products June 2013



Pic. 5.1. Historical background of the HS

*Source – Internet

The Harmonized System was introduced in 1988 and has been adopted by most of the countries worldwide.

It has undergone several changes in the classification of products. These changes are called revisions and entered into force in 1996, 2002, 2007, 2012 and 2017.

5.2. About Harmonized System

The Harmonized Commodity Description and Coding System or simply **Harmonized System (HS)** is an internationally standardized system of names (description) and numbers (codes) for classifying traded goods.

The HS Convention comprises a Preamble, 20 Articles and an Annex. The Preamble sets out why the international community supported the adoption of the HS.

The 20 Articles include provisions for obligations of Contracting Parties, role of the Council and the Harmonized System Committee, settlement of disputes between Contracting Parties, and the amendment procedure. The Annex is the HS

Nomenclature itself. Contracting Parties are obliged to ensure that their Customs tariffs and statistical nomenclatures for both imports and exports are in conformity with the Harmonized System. They should also make publicly available their import and export trade statistics in conformity with the six-digit codes of the Harmonized System, or on their initiative, beyond that level.

Today, the HS code system is used by **212 countries (including Ukraine, Iran, Ghana)** around the world to help determine customs tariffs.

It's estimated that more than **98%** of merchandise being traded around the world are classified by the HS code.

HS designed to collect statistics on foreign economic activity, in order to conduct customs control, declaration, licensing and quotas, regulation of exports and imports of goods of national importance, the study of market conditions.

Object of classification HS there are all goods that have circulation in international trade.

By structure HS consists of two blocks: identification and name.

The identification block has a hierarchical classification system, which contains eight levels of classification: section, group, subgroup, position, composition, sub-item, category and subcategory.

The HSN code contains:

21 sections.

99 chapters.

1244 headings.

5224 subheadings.

Chapters 98 and 99 are for national use only.

The HS coordinates the codification of goods according to a six-digit scheme. However, most countries use a ten-digit product coding system, and the first ***six digits*** are the HS code and ***countries cannot change them.***

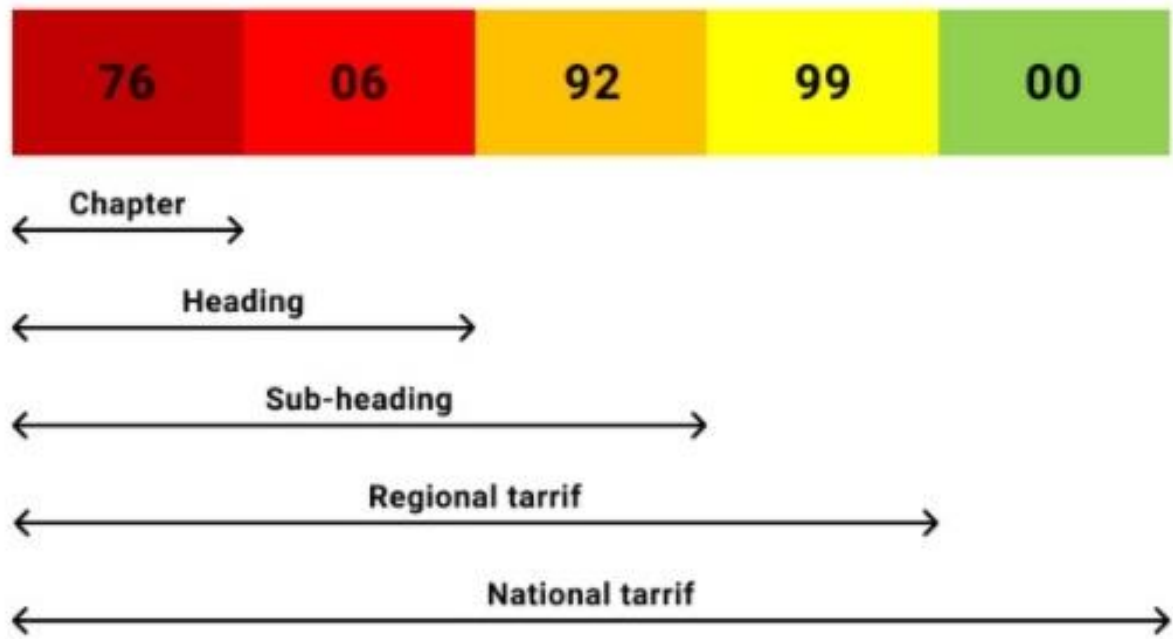
To achieve a uniform classification of goods in the HS, the ***General Rules of Interpretation*** are used, which will be discussed later.

In the recently revised 2017 edition of the HS nomenclature, there are 97 chapters and 21 sections. Here's a breakdown (table 5.1):

Section	Name
Section 1:	Animal & Animal Products (Chapter 1-5)
Section 2:	Vegetable Products (Chapters 6-14)
Section 3:	Animal or Vegetable Fats and Oils (Chapter 15)
Section 4:	Prepared Foodstuffs (Chapter 16-24)
Section 5:	Mineral Products (Chapter 25-27)
Section 6:	Chemicals & Allied Industries (Chapter 28-38)
Section 7:	Plastics / Rubbers (Chapters 39 and 40)
Section 8:	Raw Hides, Skins, Leather, & Furs (Chapter 41-43)
Section 9:	Wood & Wood Products (Chapters 44-46)
Section 10:	Pulp of Wood or of Other Fibrous Material (Chapters 47-49)
Section 11:	Textiles (Chapters 50-63)
Section 12:	Footwear / Headgear (Chapters 64-67)
Section 13:	Stone / Glass (Chapters 68-70)
Section 14:	Natural or Cultured Pearls (Chapter 71)
Section 15:	Base Metals (Chapters 72-83)
Section 16:	Machinery / Electrical (Chapters 84-85)
Section 17:	Transportation (Chapters 86-89)
Section 18:	Precision Instruments (Chapters 90-92)
Section 19:	Arms and Ammunition (Chapters 93)
Section 20:	Miscellaneous Manufactured Articles (Chapters 94-96)
Section 21:	Works of Art (Chapter 97)

Structure of HS code (pic 5.2):

the first two digits - chapter,
the first four - heading,
the first six - sub-heading,
all ten digits - national tariff.



Pic. 5.2. Structure of HS code

*Source – Internet

As a result of using the Harmonized System, the **following advantages** can be identified:

- a more accurate description of the goods using objective characteristics that can be easily taken into account and recorded during customs control;
- lower probability of errors in classification and coding of goods, as export and import documents are unifying in nature;
- more accurate and comparable foreign trade statistics, which allows you to track the movement of trade flows across national borders, conduct business negotiations more efficiently, as well as study market conditions and make forecasts.

At the state level, HS uses:

- in the processing and preparation of international documents (treaties, conventions, etc.).
- for tariff (for example, import tariff) and non-tariff regulation (quotas, licensing, etc.).
- for statistical observations.
- for transportation.
- for cargo insurance.

At the enterprise level, HS uses:

- for the implementation of contracts.
- filling in declarations, certifications and other transport documents.
- in accounting and warehousing.
- for information processing and so on.

5.3. General Interpretative Rules (GIRs)

There are 6 General Rules for classification goods in HS.

The first five Rules relate to classification in the 4- digit headings.

Rule 6 relates to classification in the subheading level.

The Rules set out the principles for classification in the HS nomenclature.

They are an integral part of the Nomenclature, providing uniform application and interpretation.

The application of the GIRs (1-4) should always be in SEQUENTIAL ORDER:

Rule 1 is to be taken into consideration first.

If classification is not covered by the provisions of Rule 1, then apply Rule 2, and so on.

Goods must first be classified in the 4-digit HS heading whose terms most specifically describe the goods (unless otherwise required or directed by the GIRs)

General Interpretative Rules (GIRs):

Rule 1. Terms of the Headings, Section/Chapter Notes.

Rule 2. (a) Incomplete or unfinished; Unassembled or disassembled.

Rule 2. (b) Mixtures or combinations.

Rule 3. 2 or more headings.

Rule 3 (a). Most specific.

Rule 3 (b). Essential character.

Rule 3 (c). Last in numerical order.

Rule 4. Most akin.

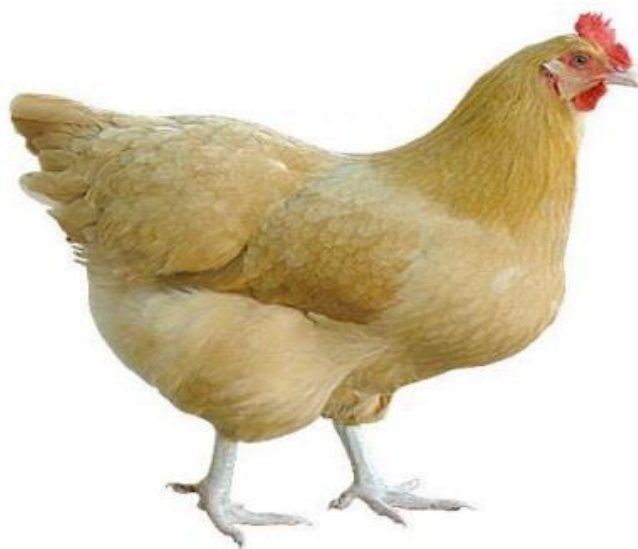
Rule 5 (a). Special containers.

Rule 5 (b). Packing materials & containers.

Rule 6. Subheading rule.

RULE 1.

The titles of Sections, Chapters and sub-Chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and, provided such headings or Notes do not otherwise require, according to the following provisions.



Example: Live poultry (heading 01.05)

*Source – Internet

RULE 2(a).

Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled.



Example: Preform bottle – Unfinished (heading 39.23 covers plastic bottles)

*Source – Internet

RULE 2(b).

Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of Rule 3.

RULE 3.

When by application of Rule 2 (b) or for any other reason, goods are, *prima facie*, classifiable under two or more headings, classification shall be effected as follows:

RULE 3(a).

The heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.

Rule 3(a): Principles

- A description by name is more specific than a description by class.
- A description that more clearly identifies a product is more specific than one which is less complete.



Example - Chair/ladder Wooden ladder (heading 44.21- Other articles of wood); Wooden chair (heading 94.01 - Seats)

*Source – Internet

RULE 3(b).

Mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to 3 (a), shall be classified as if they consisted of the material or component which gives them their essential character, insofar as this criterion is applicable.



Example - MIXTURE: Mixture of barley (60%) of heading 10.03 and oats (40%) of heading 10.04

*Source – Internet

RULE 3(c).

When goods cannot be classified by reference to 3 (a) or 3 (b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration.



Example - Electric lamp (heading 94.05) with alarm clock (heading 91.05)

*Source – Internet

RULE 4.

Goods which cannot be classified in accordance with the above Rules shall be classified under the heading appropriate to the goods to which they are most akin.



Example - Exhaust Air Jack (heading 84.25)

*Source – Internet

RULE 5(a).

In addition to the foregoing provisions, the following Rules shall apply in respect of the goods referred to therein : (a) Camera cases, musical instrument cases, gun cases, drawing instrument cases, necklace cases and similar containers, specially shaped or fitted to contain a specific article or set of articles, suitable for long-term use and presented with the articles for which they are intended, shall be classified with such articles when of a kind normally sold therewith. This Rule does not, however, apply to containers which give the whole its essential character.

Packing materials and packing containers entered with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods.



Example - Violin with case (heading 92.02)

*Source – Internet

RULE 5(b).

Subject to the provisions of Rule 5 (a) above, packing materials and packing containers presented with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods. However, this provision is not binding when such packing materials or packing containers are clearly suitable for repetitive use.



Example - Gumball dispensing machine (predominantly of zinc alloy) imported with gumballs. It is designed to accept a coin and release a candy.

These Packing materials or containers are to be classified SEPARATELY with their content.

*Source – Internet

RULE 6.

For legal purposes, the classification of goods in the subheadings of a heading shall be determined according to the terms of those subheadings and any related Subheading Notes and, mutatis mutandis, to the above Rules, on the understanding that only subheadings at the same level are comparable. For the purposes of this Rule the relative Section and Chapter Notes also apply, unless the context otherwise requires.

Questions for self-control:

1. Why is the Harmonized Commodity Description and Coding System created?
2. Which organization has developed the Harmonized Commodity Description and Coding System?
3. What are the parts of a document of HS?
4. How many countries are currently using the HS?
5. What is the HS intended for?
6. What is the object of HS classification?
7. What is the structure of the HS?
8. How many headings does the HSN Code contain?
9. What is the structure of HS code?
10. What are the benefits of using the Harmonized System?

Tests:

1. HS is deciphered as:

- a) The Harmonized Commodity Description and Coding System;
- b) The Harmony Common Description and Coding System;
- c) The Harmonized Commodity Coding System.

2. The HSN code contains:

- a) 20 sections, 100 chapters, 1200 headings, 5000 subheadings;
- b) 25 sections, 95 chapters, 1500 headings, 4000 subheadings;
- c) 21 sections, 99 chapters, 1244 headings, 5224 subheadings.

3. How many rules exist for the classification of goods in the HS?

- a) 5;
- b) 6;
- c) 3;
- d) 8.

4. When is International Customs Day celebrated?

- a) 26 January;
- b) 14 February;
- c) 15 September.

5. Adjust the duty functions (several correct answers)

- a) stimulating;
- b) monetary;
- c) regulatory;
- d) statistical.

6. According to the methods of calculation of the duty is (several correct answers):

- a) Ad valorem;
- b) Simple;
- c) Complex;
- d) Combined.

7. According to the period of collection, the duty is (several correct answers):

- a) Seasonal;
- b) Off-season;
- c) Constant;
- d) Non-permanent.

8. According to the restriction of import / export duty is (several correct answers):

- a) Antidumping;
- b) Incentive;
- c) Compensatory;

d) Liberal.

9. By the nature of the application of the duty may be:

- a) seasonal, antidumping, compensatory;
- b) autonomous, conventional, preferential, compensatory;
- c) advalorem, specific, combined.

10. By the nature of the origin of the duty may be:

- a) seasonal, antidumping, compensatory;
- b) advalorem, specific, combined;
- c) autonomous, conventional, preferential, compensatory.

Topic 6. INTERNATIONAL STATE TRANSPORTATION OF GOODS UNDER CUSTOMS CONTROL. GOODS PROHIBITED FOR IMPORT, EXPORT AND TRANSIT ACROSS THE CUSTOMS BORDER. EXPERTISE IN THE CUSTOMS CONTROL SYSTEM.

CONTENT:

- 6.1. International state transportation of customs loads.
- 6. 2. Goods that are not subject to passing duty border.
- 6.3. Expertise in the customs control system.
- 6.4. General provisions of customs laboratories.
- 6.5. Scheme of research in customs laboratories.
- 6.6. Declaration of goods. Customs broker.

6.1. International state transportation of customs loads

A customs carrier is an enterprise that carries out transportation between customs authorities of goods under customs control, without the application of measures to guarantee the delivery of goods to the customs authority of destination, and has a license to carry out the activities of the customs authority. in the field of customs.

The relations of the customs carrier with the owner of the goods are determined by the relevant agreement.

Persons moving goods under customs control by road are obliged:

- 1) deliver goods to the destination with the preservation of customs security;
- 2) not to start unloading or reloading of goods without the permission of the customs authority;
- 3) present to the customs authority the documents necessary for customs control and customs clearance;
- 4) in urgent cases, at their own expense to unload, unpack and pack goods and present them for customs control.

Customs control of goods and vehicles in the international railway service is carried out:

- 1) in customs control zones;
- 2) in agreement with the heads of the railway station and customs authorities - outside the checkpoints at the state border or in places determined by the head of the customs authority;
- 3) at the request of the customs authority, individual wagons, locomotives and other elements of rolling stock for customs control may be excluded from the train, if such control as part of the train is not possible.

Movement of goods across the customs border by air is carried out:

- 1) through international airports where customs authorities are located;
- 2) in agreement with the customs authorities or in cases of forced landing - through other airports or outside the location of the customs authorities.

For customs clearance of goods moving by pipeline, the declarant submits to the customs authority:

- 1) contract;
- 2) the act of acceptance-transfer;
- 3) quality certificate;
- 4) invoice (invoice);
- 5) route program;
- 6) permits (licenses) of relevant bodies;
- 7) other documents required by law.

6.2. Goods that are not subject to passage through the customs border

The following goods and other items may not be allowed to cross the country's customs border:

- prohibited for import, export or transit through the customs territory of the country;
- goods and other items in respect of which no customs clearance has been carried out;

- moving across the customs border of the country in violation of the law.

Items are prohibited for import into the customs territory of countries:

- military weapons of all kinds and ammunition for it;
- narcotic and psychotropic substances;
- Potent toxic, radioactive, explosive substances, other objects that can harm the health or endanger the lives of people and wildlife or lead to the destruction of the environment;
- printed materials and other visual materials that promote the ideas of war, racism, racial discrimination and genocide, as well as aimed at undermining the territorial integrity of the country, its political independence, state sovereignty;
- pornographic products;
- goods imported with infringement of intellectual property rights;
- other items, the import of which is prohibited in accordance with the law.

Items are prohibited for export from the customs territory of the country:

- weapons of military designs of all kinds, ammunition and military equipment;
- narcotic and psychotropic substances;
- highly toxic, radioactive, explosive substances, other objects that can harm the health or endanger the lives of people and wildlife, or lead to the destruction of the environment;
- works of art, cultural and historical values, other objects that constitute significant artistic, historical, scientific and other cultural value;
- goods exported in violation of intellectual property rights;
- other items, the export of which is prohibited by national law.

Items prohibited for transit through the customs territory of the country:

- weapons and ammunition of all kinds and military equipment;
- aircraft, their parts, accessories and equipment to them;
- machines and machines designed for the manufacture of weapons and ammunition of all types and aircraft, spare parts for them;

- drugs;
- radioactive objects and substances;
- Highly toxic and explosive substances, other objects that can harm the health or endanger the lives of people and wildlife or lead to the destruction of the environment;
- other items, the transit of which is prohibited by the legislation of the country.

Export, import and transit of these goods are either subject to **licensing** as a specific type of business activity, or carried out only with the **special permission of the relevant authorities**.

6.3. Expertise in the customs control system

Customs examination is a special scientific and practical study conducted by experts in order to solve the problems of customs to clarify issues arising in the case of violation of customs legislation in certain fields of science and technology, art, religion, etc.

The objects of customs examination are: materialized sources of information, goods and objects moving across the customs border, as well as their samples, which are taken for examination in the prescribed manner; objects of smuggling and special documents accompanying the goods.

Performing various examinations requires special knowledge and a set of general tasks of various kinds:

- control;
- economic;
- fiscal;
- law enforcement;
- statistical;
- protective.

The tasks of customs examination include:

- classification of goods according to the Classifier of goods;

- determination of customs value of goods;
- assessment of the market value of goods;
- identification of the authenticity of customs security signs of goods and documents;
- establishment of ecological and operational safety of goods;
- determination of the chemical composition and physical structure of goods (substances);
- establishing the possibility of selling goods addressed to state ownership and determining their consumer value;
- identification of narcotic and psychotropic substances;
- determination of the country of origin of the goods;
- diagnostics of jewelry, antiques, museum values, etc.

The following methods are used in customs examination:

- instrumental;
- expert;
- calculated;
- organoleptic.

6.4. General provisions of customs laboratories. Legal status of the expert

Customs laboratories have been established in the customs system of each country, which are specialized customs institutions.

The main tasks of Customs Laboratories include direct laboratory control for customs purposes. Laboratory control is part of the customs control required under current legislation.

Customs laboratories conduct examinations and research only in the directions of customs authorities.

The main tasks of Customs Laboratories are:

- participation in the classification of goods in foreign economic activity;
- conducting material, chemical, technical research and examinations of goods crossing the border, in order to establish their type and classification

- (substances, materials, products); to successfully combat the illicit trafficking of substances and materials, drugs, currency, cultural, historical values, etc.; protection of the interests of national producers and consumers;
- providing the customs authorities with opinions on the establishment of the code of goods in order to prevent evasion of customs duties, as well as on their export control.

Customs laboratories perform the following functions:

- within the framework of customs control, the examinations of various types of goods necessary for customs operations are carried out with the use of physicochemical and instrumental research methods and official documents are drawn up in the form of a specialist's report, protocol, certificate; perform work in order to provide recommendations for the identification of goods for compliance with their checklists (export control);
- carry out inspections of goods for classification as toxic, potent, psychotropic, narcotic, flammable, explosive, radiation-hazardous substances;
- conduct research to establish compliance with the actual physical and chemical characteristics of products to norms and standards;
- within the limits of their authority, carry out inspections for the quality and safety of food consumption according to indicators;
- maintain and store a reference copy of the Classifier of goods; participate in the dissemination of information on the application of the Classifier of Goods;
- provide methodological assistance to customs units on the procedures for sampling (sampling) of goods for research;
- develop methodological manuals and recommendations for conducting rapid analyzes in customs departments;
- carry out the development and implementation of new technical means and methods of research of goods.

Experts are universally educated people with both encyclopedic and special knowledge, professional skills and experience.

Experts working in expert institutions and having special permits (licenses) for expert activity have the right to conduct an examination.

Necessary conditions for obtaining the right to carry out examination are: professional education (legal, materials science, commodity science, art history, etc.), knowledge of the basics of customs and examination, knowledge of market conditions for the studied materials and products, as well as highly qualified expert, which depends from his information activity and awareness - professional, qualimetric and cultural.

An expert is required:

- 1) be guided in their work by the relevant Regulations on the examination and other documents when working with the studied materials and objects;
- 2) give an objective and reliable conclusion on the basis of a complete, comprehensive and objective assessment.

During the examination, the expert has the right:

- 1) to get acquainted with the materials of the case related to the subject of examination, and to request additional materials necessary to provide conclusions;
- 2) to consult with other members of the expert commission participating in carrying out examination, and to address to the chairman of the commission for consultation;
- 3) require the administration to provide the necessary working conditions;
- 4) to appeal in the manner prescribed by law the actions or decisions of the persons in whose proceedings or consideration of the case, if they violate the rights or legitimate interests of the expert;
- 5) refuse to participate in the examination if the questions posed to him go beyond the special knowledge of the expert;

- 6) to resist external influence (from whomever it comes) or the pressure of the majority.

The expert has no right:

- 1) to accept objects for examination without a written instruction of the management, an official of the customs authority in whose proceedings the case is conducted;
- 2) examine the samples and materials of the case, not specified in the order of appointment of the examination and are not the object of study;
- 3) independently collect and research data not submitted to him in the manner prescribed by law;
- 4) to resolve issues related to the legal assessment of the actions of persons, as well as other issues beyond its competence;
- 5) to participate in the case as a specialist, to conduct an audit, to take part in the selection of samples and specimens or goods in the inventory, to conduct an examination related to the study of documents of institutions, enterprises, organizations in which he was (is) in the service;
- 6) to involve in the production of the examination entrusted to him other persons who are not directly related to the examination;
- 7) to keep samples of samples and other materials on which examination is carried out, outside the office.

6.5. Scheme of research in customs laboratories

Typical scheme of customs examination:

- 1) preparation of a request by an official of the customs authority to the customs laboratory;
- 2) preparation by a customs official of a package of documentation for the object of research (accompanying documents, quality certificates, regulatory and technical data, etc.);
- 3) sampling by an official of the customs authority of samples and specimens of goods (if necessary);

- 4) sending by the official of the customs authority samples of goods and documentation for it to the customs laboratory;
- 5) examination of goods in the customs laboratory;
- 6) preparation by the inspector of the customs laboratory of the conclusion and the protocol of researches;
- 7) sending the conclusion of the customs laboratory with the results of the examination to the customs authority.

Areas of expert research activities of customs laboratories:

- 1) chemical examination (drugs, precursors, petroleum products, polymers, paints, varnishes, organic and inorganic substances, textiles);
- 2) examination of food products (alcoholic products, phytopreparations, wine materials, food additives, tobacco, confectionery);
- 3) material science examination (metals, alloys, scrap, metal products, jewelry, minerals);
- 4) examination of medical drugs (medicines, cosmetics, hygiene products, veterinary drugs);
- 5) gemological examination (precious stones, semi-precious stones);
- 6) examination of documents (imprints of customs security, seals of subjects of foreign economic activity);
- 7) export control works (metals, equipment, technical means, means of communication, chips);
- 8) art expertise (cultural objects, paintings, books).

Examination is carried out in the term necessary for its carrying out that is established by the legislation.

Examination of samples and specimens of perishable goods is carried out **immediately**.

Control samples and specimens are stored in the customs laboratory for a period established by law.

Samples of goods undamaged during the examination (taking into account its shelf life) are returned to its owner with the execution of the relevant act.

The expert opinion of the customs laboratory refers only to a specific type of goods, a specific batch of goods of a certain supply, from which samples were taken for testing. The conclusions of the customs laboratory do not apply to subsequent deliveries of the same goods.

The conclusion of the customs laboratory is a source document based on the results of the customs examination at the request of the customs authority. It answers the questions asked by the customs authority without giving a detailed description of the research methods.

The results of the examination are drawn up by a specialist of the customs laboratory in the form of a research report and the conclusion of the laboratory.

Customs clearance of goods, samples and specimens of which were taken for examination, may be completed only after receipt by the customs authority where these goods are stored, the results of customs examination.

6.6. Declaration of goods. Customs broker

Declaration is carried out by declaring in the prescribed form accurate information about goods and vehicles, the purpose of their movement across the customs border, as well as information necessary for their customs control and customs clearance.

The declarants may be enterprises or citizens who own goods and vehicles moving across the border, or customs brokers (intermediaries) authorized by them.

The declarant performs all duties and bears full responsibility under the law, regardless of whether he is the owner of goods and vehicles moving across the customs border, customs broker or other authorized person.

The declarant is obliged:

- 1) to declare goods and vehicles in accordance with the procedure established by law;
- 2) at the request of the customs authority to present goods and vehicles for customs control and customs clearance;

- 3) to provide the customs authority with the documents and information required by law for the performance of customs procedures;
- 4) pay taxes and fees.

A customs broker (intermediary) is an enterprise that declares goods and vehicles moving across the customs border and has a license for the right to carry out customs brokerage activities, issued by a specially authorized authority in the field of customs.

Customs broker is required:

- present to customs goods moving across the customs border;
- submit to customs the documents necessary for customs control;
- pay duties, customs duties and other payments.

Also, the customs broker is fully responsible as a person who independently moves goods across the border.

Broker's license is revoked if:

- repeated failure to perform the duties of a customs broker;
- violation of customs or other legislation;
- recognition of a customs broker insolvent;
- use of the services of a person who does not have a qualification certificate.

Questions for self-control:

1. Define the concept of customs carrier.
2. What goods and other items may be banned from crossing the country's customs border?
3. What goods are prohibited for import, export and transit into the customs territory of countries?
4. Define the Customs examination.
5. What are the objects of customs examination?
6. What are the tasks of customs examination?
7. Which methods are used in customs examination?

8. Describe main tasks of Customs Laboratories.
9. What are the following functions of Customs laboratories?
10. What rights have the experts?

Tests:

1. In the case of providing the customs authority Customs Laboratories samples and samples of goods for the study, the results of the examination shall be drawn up by a specialist of the customs laboratory in the form of:

- a) only the conclusion of the laboratory;
- b) only the research protocol;
- c) research protocol and laboratory conclusion;
- d) all answers are correct.

2. Which of the following functions does not correspond to the Customs Laboratories functions?

- a) development of recommendations and manuals for expert activities;
- b) conducting research work;
- c) providing paid consultations to legal entities and individuals;
- d) making changes to customs documents.

3. Which of the following tasks relate to the tasks of Customs Laboratories?

- a) management of the activities of expert units;
- b) equipping expert units with technical means and devices;
- c) providing training, retraining and improving the classification of experts
- d) all answers are correct.

4. What types of examinations Customs Laboratories and customs laboratories have the right to conduct?

- a) forensic;
- b) determination of cultural, historical and artistic value;

- c) examination of objects of unknown nature;
- d) all answers are correct.

5. What experts are required?

- a) not be guided in their work by the relevant Regulations on the examination and other documents when working with the studied materials and objects;
- b) give an nonobjective and reliable conclusion on the basis of a complete, comprehensive and objective assessment;
- c) be guided in their family by the relevant Regulations on the examination and other documents when working with the studied materials and objects;
- d) give an objective and reliable conclusion on the basis of a complete, comprehensive and objective assessment.

6. During the examination, the expert has the right to:

- a) to consult with other members of the expert commission participating in carrying out examination, and to address to the chairman of the commission for consultation;
- b) defend in the manner prescribed by law the actions or decisions of persons in whose proceedings or consideration of the case, if they violate the rights or legitimate interests of the expert;
- c) agree to participate in the examination, if the questions posed to him go beyond the special knowledge of the expert;
- d) not to resist external influence (from whomever it came) or the pressure of the majority.

7. During the examination, the expert has no right:

- a) to resolve issues within its competence;
- b) to accept objects for examination without a written instruction of the management, an official of the customs authority in whose proceedings the case is conducted;

c) not to involve in the preparation of the examination entrusted to him other persons who are not directly related to the examination;

d) not to keep samples of samples and other materials on which examination is carried out, out of an office.

Topic 7. THE WORLD CUSTOMS ORGANIZATION (WCO)

CONTENT:

7.1. History.

7.2. Customs Role.

7.3. Membership.

7.4. Mission.

7.5. Structure.

7.6. The Secretariat.

7.7. Key Activities.

7.8. Tools and Instruments.

**Information from official site - <http://www.wcoomd.org/>*

7.1. History



**Source - Internet*

The Customs Co-operation Council (CCC), now known as the World Customs Organization (WCO), was not created from scratch, but was the successor to the Study Group for the European Customs Union that met in Brussels, Belgium

in September 1947. Whilst this Group was unable, for political reasons, to create an inter-European Customs Union, its work in the technical field of harmonizing Customs regulations resulted in two conventions being established: one on a common tariff nomenclature, and another on Customs valuation.

Moreover, it was agreed to create an international body charged with providing advice on ways to achieve the maximum possible uniformity and harmony in the application of the two Conventions and to continue efforts to secure uniformity and harmony in Customs legislation and procedures, so as to prevent the latter from becoming barriers to international trade. Hence, on 15 December 1950, a number of States signed the Convention establishing a Customs Co-operation Council, which entered into force on 4 November 1952 with 17 Contracting Parties.

1947. The GATT.

The General Agreement on Tariffs and Trade (GATT), which later became a founding component of the Agreement establishing the World Trade Organization (WTO), raised various questions about Customs processes, but there was no institution responsible for examining Customs issues.

1950. The Study Group.

Thirteen European countries established a Study Group to examine the Customs issues identified by the GATT, leading to the decision to create an international Customs body.

1950. Creation of the CCC.

The CCC Convention was signed in Brussels.

1953. First Council Session.

The inaugural session of the CCC Council was held on 26 January 1953 with 17 founding Members.

1994. World Customs Organization.

In 1994, the CCC adopted the working name, WCO, to more accurately reflect its growth in membership and growing worldwide reach.

7.2. Customs Role

The role of Customs is to control the movement of goods and thereby secure the state's interests and safeguard revenue collection.

The Heritage

Over the years, the responsibilities related to the international movement of goods have broadened, from the traditional role of collecting duties and taxes on international trade, to executing controls and other activities that serve a wider set of government objectives, spanning areas as diverse as the interdiction of prohibited substances, the protection of cultural heritage, and the enforcement of intellectual property laws.

This breadth of responsibility reflects the fact that Customs authorities have long been entrusted with administering matters for which other government ministries and agencies have policy responsibility, such as health, agriculture, environment, trade statistics, and, in some cases, immigration.

The situation

Nowadays, although no two Customs administrations necessarily look alike, Customs' main functions generally include:

- Revenue collection (import/export duties and excise);
- Protection of economic interests (domestic industry);
- Protection of society (health and safety);
- Economic development (trade facilitation);
- Security (across the entire trade supply chain).

The rationale.

The rationale for Customs performing an extended role derives from the following:

- Supervision (All goods crossing the border are subject to Customs supervision);
- Skills (Customs have the required in-depth specialist skills to perform these roles);

- Know-how (Customs have the know-how and a general understanding of international trade, supply chains, and traders).

7.3. Membership

An organization with global reach.

The WCO is an independent intergovernmental organization. While the Organization originally extended to Europe alone, it gradually became an international organization with global objectives and influence, due in part to the recognition by governments of the importance of Customs to national economies.

The WCO currently has **183 Members** divided into **6 regions**, responsible for processing approximately **98% of international trade (pic. 7.1)**.



Pic. 7.1. Members of the WCO

*Source - <http://www.wcoomd.org/>

7.4. Mission

“The WCO develops international standards, fosters cooperation and builds capacity to facilitate legitimate trade, to secure fair revenue collection and

protect society, providing leadership, guidance and support to Customs administrations” - Dr. Kunio Mikuriya, WCO Secretary General.

Historical WCO Missions.

Below are some of the missions stated in the CCC Convention:

- To study all questions relating to co-operation in Customs matters;
- To examine the technical aspects of Customs systems with a view to attaining the highest possible degree of harmony and uniformity;
- To prepare Conventions and amendments to Conventions;
- To make recommendations to ensure the uniform interpretation and application of the Conventions;
- To furnish information or advice;
- To help its Members to respond to modern challenges;
- To co-operate with other inter-governmental organizations.

7.5. Structure

The WCO operates on the basis of **cooperation** and **consensus**. It aims to be a **bridge between Members** at various levels of economic development and work in partnership with **private and public** Customs stakeholders.

The Governing Bodies:

- ***WCO Council***

All WCO Members are represented. It is the highest decision-making body. It provides oversight and strategic direction for the Organization during its annual meeting.

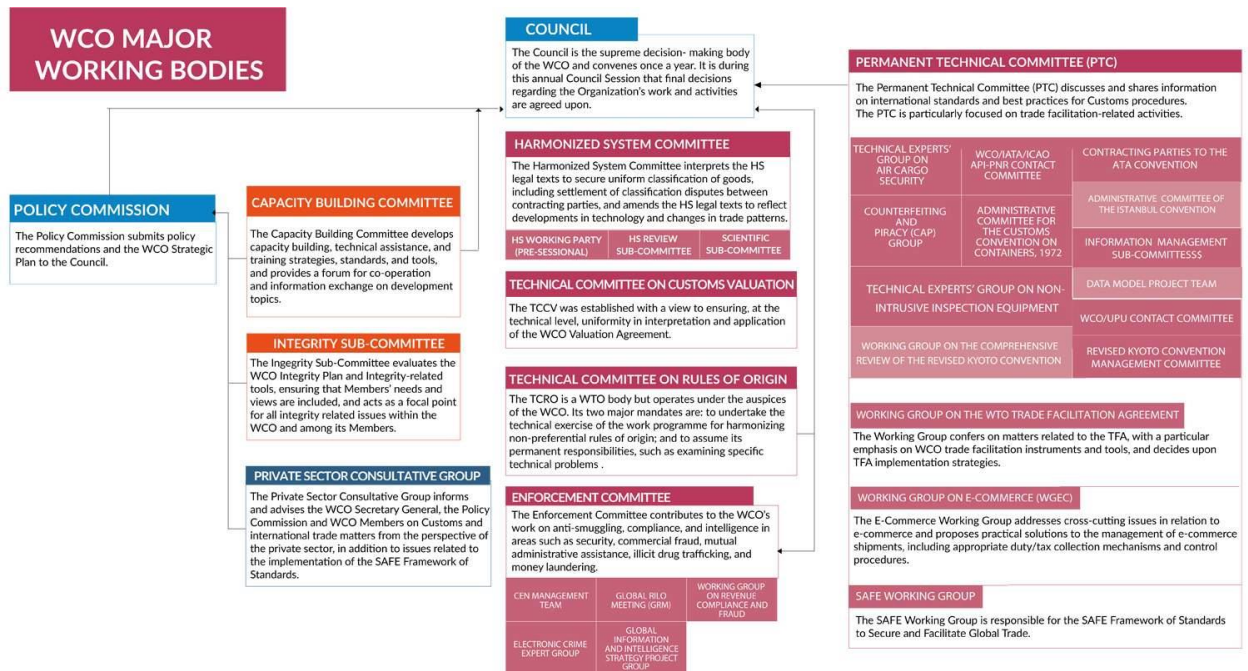
- ***Policy Commission***

It is composed of 30 members elected by the Council. It acts as a dynamic steering group to the Council and meets twice a year.

Working Bodies.

The various working bodies (committees, sub-committees, working groups, expert groups, etc.) study problems and offer solutions for improving Customs techniques and legislation.

The Governing Bodies of the WCO presented in pic. 7.2.



Pic. 7.2. The Governing Bodies of the WCO

*Source - <http://www.wcoomd.org/>

7.6. The Secretariat

The WCO Secretariat, which is based in Brussels, Belgium, consists of more than 150 staffers from around the world and runs the WCO's day-to-day operations under the leadership of a Secretary General. The Secretariat supplies technical, logistical and professional support to the various working bodies established by the Council, delivers capacity building, technical assistance, and training, and develops and maintains international Customs instruments and tools.

Structure of the Secretariat presented in pic. 7.3.



Pic. 7.3. Structure of the Secretariat

*Source - <http://www.wcoomd.org/>

Roles of the Secretariat.

Role 1. Implement Council decisions.

Each year, Directors General of Customs gather at WCO Headquarters as part of the annual Council Sessions, to consider and endorse the work done by the Organization and to provide strategic direction as well as chart the way forward in the months ahead. Secretariat staff are then charged with implementing those decisions.

Role 2. Support working bodies.

The Secretariat is responsible for making the arrangements and preparations for all meetings, providing administrative and technical services during the meetings, and performing follow-up tasks after the sessions, including, in particular, the drafting of minutes.

Role 3. Publish reference documents.

Once an instrument or tool is approved, the Secretariat ensures that related documents are translated and published in a timely manner.

Role 4. Train Members and the private sector.

The Secretariat develops training material and delivers training to WCO Members as well as to the private sector via the WCO Academy that was set up for this specific purpose.

Role 5. Assist in the implementation of instruments and tools.

The Secretariat supports Customs administrations in their modernization initiatives by providing technical advice, undertaking comprehensive needs assessments and elaborating development plans in conjunction with WCO Members, while building strong ownership and leadership at the national level.

Role 6. Organize events.

The Secretariat organizes various events at locations around the world. The most prominent of these events relate to technology, enabling Customs representatives to meet with suppliers and learn about existing solutions and equipment, latest trends, and future developments. Other annual WCO events include the PICARD Conference for Customs and academia to share and discuss their research, and the Knowledge Academy for Customs and Trade for Customs and trade practitioners to develop their technical skills.

Role 7. Promote WCO activities.

Secretariat staff participate in events and meetings in order to present the Customs community's point of view on topical issues, to improve understanding of the challenges confronting Customs, to create awareness amongst stakeholders of the new role and responsibilities of Customs, and to promote WCO tools and instruments.

Role 8. Produce publications.

The Secretariat produces various publications as well as digital tools. Some are purely informative, such as the WCO News magazine, while others are more technical in nature, such as compendiums and handbooks on a variety of key Customs issues.

Role 9. Undertake research activities.

Over the years, the Secretariat has produced a series of research papers and policy analysis on a broad range of Customs and international trade topics, such as

revenue collection, supply chain security, trade facilitation, performance measurement, informal trade practices, and the environment.

7.7. Key Activities

To assist its Members in facing the challenges of running a modern Customs administration, including tackling the complexities of international trade and Customs' critical role in this domain, the WCO's activities are oriented around three axes:

- Rule and standard settings;
- Capacity building;
- International cooperation, sharing information, best practices.

Rule and standard settings.

Although some do not fully realize all the benefits that are derived from the existence of international norms, standards make life easier for all and, as such, are critical to the smooth functioning of trade while levelling the global trade playing field. The WCO's main function is to establish and maintain international instruments for the harmonization and uniform and simplified application of Customs procedures governing the movement of commodities, people and means of conveyance.

The Harmonized Commodity Description and Coding System, generally referred to as the "Harmonized System" or simply the HS, is one of these instruments. Being a nomenclature of transportable goods, it has become, over the years, a universal language for identifying and coding merchandise being traded internationally, with almost all the world's economies using it as a basis for their Customs tariffs and for the collection of trade statistics.

Capacity building.

As the WCO's membership has grown, the Organization has also noted differences between its Members in terms of potential and resources, coming up against a number of Members without the means to implement solutions that have been developed. While the WCO has long focused on providing technical

assistance to its Members, it has become imperative for the Organization to turn its focus to helping its Members provide themselves with the means to apply the standards laid down in Customs conventions and internationally recognized best practices. As a result, this led to the launch of a fully-fledged capacity building programme, focusing not only on enhancing working methods, but also leadership and management capacities, as well as integrity and transparency in administrations.

International cooperation, sharing information, best practices.

The WCO actively encourages cooperation between Customs administrations and between Customs and other national agencies, both to facilitate flows of goods and people and to detect and repress transnational offences. It has developed, among other things, templates, tools, and platforms that enable information to be published and exchanged between parties, including a web platform that acts as a depository of enforcement-related information, which analysts can mine to produce valuable analysis and intelligence. In addition, the WCO provides a forum for the exchange of information and experience between Customs administrations as well as with private and public stakeholders involved in the management of cross-border flows.

7.8. Tools and Instruments

Since its establishment in 1952, the WCO's various working bodies have developed, and continue to develop, a range of international instruments that guide the regulatory development and Customs reform and modernization initiatives of WCO Members to facilitate trade, ensure compliance, improve safety, and secure the trade supply chain.

Harmonization of classification codes and data:

- The Harmonized System enables products to be identified by the same code throughout the world.

- Standards related to the reporting of air passenger data as a response to the risks and costs of non-uniform implementation of passenger information systems for airlines and governments alike.
- The Data Model enables countries to optimize the exchange of data required for various cross-border procedures between Customs, trade operators and other agencies, at the national and international level.
- The Unified X-ray File Format (UFF) for non-intrusive inspection (NII) devices facilitates the interoperability of NII equipment supplied by different manufacturers, as well as the exchange of images within and between Customs administrations.

Standardization, simplification and modernization of procedures:

- Standards on Customs procedures.
- Standards and guidelines that Customs and economic operators should apply in order to secure the supply chain and avert the risk of terrorist attacks and other criminal threats.
- Standards and guidelines for developing or enhancing strategic and operational frameworks for e-commerce.
- Guidelines on transit.
- The ATA system, governing the temporary admission of goods into a Customs territory.

Cooperation and information exchange:

- Mutual administrative assistance (MAA) instruments.
- Compendium on Coordinated Border Management.
- Guidelines on building cooperation mechanisms between Customs and business, postal operators, tax, police, etc.
- Secure web platforms and communication tools for the exchange of information between Customs and between Customs and key stakeholders.
- Guidelines on the exchange of electronic advance data on postal items.
- Model Bilateral Agreement.

Working methods and practices:

Working methods and diagnostic tools on a range of processes, such as controlling rules of origin, the classification and valuation of goods, applying risk management, executing seizures, handling commercial fraud, and post clearance auditing.

Technologies:

- Guidelines on how to build a Single Window environment.
- Guidance on the use of information & communication technologies (ICT) in Customs.

Organizational development:

- The Customs Diagnostic Framework enables an administration to identify key developmental needs.
- The Time Release Study enables Customs administrations to review the time required for the release of goods, and take potential corrective measures for continuous improvement.
- The Capacity Building Development Compendium provides guidance on key management techniques, such as change management, benchmarking, human resource management, and donor engagement.

Integrity:

- The Revised Arusha Declaration sets out principles for effective national integrity programmes.
- Guidance related to corruption risk mapping, procurement processes, and the use of performance measurement contracts.
- Model Code of Ethics and Conduct.

Questions for self-control:

1. In what year was the World Customs Organization established?
2. What roles of customs do you know?
3. How many countries have joined to the World Customs Organization?
4. What is the mission of the World Customs Organization?
5. What is the structure of the World Customs Organization?
6. What is the role of the Secretariat?
7. What is the main activity of the WCO "Rule and standard settings"?
8. What is the main activity of the WCO "Capacity building"?
9. What is the main activity of the WCO "International cooperation, sharing information, best practices"?
10. What Tools and Instruments does the WCO use?

Tests:

1. In what year was the World Customs Organization established?

- a) 1957;
- b) 1947;
- c) 2007.

2. What roles of customs do you know?

- a) heritage, situation, rationale;
- b) heritage, situation;
- c) situation, rationale.

3. How many countries have joined to the World Customs Organization?

- a) 123 Members;
- b) 183 Members;
- c) 203 Members.

4. *What is the Governing Bodies of the World Customs Organization?*

- a) Policy, Commission;
- b) Council, Policy;
- c) WCO Council, Policy Commission.

5. *What is the role of the Secretariat?*

- a) *Support working bodies, Publish events;*
- b) *Implement Council decisions, Publish reference documents;*
- c) *Promote WCO activities, Undertake nonresearch activities.*

6. *What is the main activity of the WCO?*

- a) Rule and standard settings, Capacity building, International cooperation, sharing information, best practices;
- b) Rule and standard settings, Capacity building;
- c) International cooperation, sharing information, best practices;
- d) Rule building, International rule.

7. *What Tools and Instruments does not the WCO use?*

- a) Harmonization of classification codes and data, Integrity;
- b) Standardization, simplification and modernization of procedures, Organizational development;
- c) Non cooperation and information exchange;
- d) Working methods and practices, Technologies.

8. *What are the functions of the duty?*

- a) fiscal, protective, stimulating, regulatory, statistical
- b) protective, stimulating, informational
- c) fiscal, statistical, informational

9. According to the method of collection, a duty is allocated:

- a) seasonal, antidumping, compensatory
- b) advalorem, specific, combined
- c) autonomous, conventional, preferential, compensatory

Topic 8. CUSTOMS OFFENSES. SMUGGLING

CONTENT:

8.1. The concept of smuggling.

8.2. Practical aspects of combating customs offenses.

8.1. The concept of smuggling

"**Smuggling**" means the movement across the customs border (state border) of goods and other items secretly or those that are prohibited.

The subject of smuggling includes:

historical and cultural values;

poisonous, potent, radioactive, explosive substances;

weapons and ammunition (except smooth-bore hunting weapons and ammunition for it);

strategically important raw materials for which the legislation establishes the relevant rules of export.

Prerequisites for the smuggling of goods are:

- imperfection of customs policy;
- inefficiency of customs tariffs;
- lack of proper selection of staff and educational work;
- lack of technical means of inspection;
- a large number of documents required for the passage of goods across the border;
- the burden of administrative, economic, technical measures.

Smuggled items can be divided into two main groups:

1) items that have special features that provide grounds for qualifying their illegal movement across the customs border of the country, regardless of the amount of smuggling:

- a) historical and cultural values;
- b) toxic, potent, radioactive or explosive substances;
- c) weapons and ammunition (except for smooth-bore hunting weapons and ammunition);
- d) strategically important raw materials for which the legislation establishes the relevant rules for export outside the country.

2) goods that circulate freely in the country and the illegal movement of which across the customs border of the country constitutes a crime, only if committed on a large scale.

Ways of illegal movement of objects across the customs border of the country:

1. Actions aimed at moving goods and vehicles across the customs border of the country outside customs control:

- outside the location of the customs authority - provides for the actual detour or bypass of checkpoints located on the state border of the country;
- in the position of official position of officials of the customs authority;
- outside the time of customs clearance;
- with illegal release under customs control or from one of its stages may be the result of illegal actions of customs officials who carry out customs control and may decide to release it. The actions of such an official may show signs of official crimes under criminal law.

2. Actions aimed at moving goods across the customs border of the country with concealment from customs control:

- use of caches, manufactured or equipped hiding places in vehicles, equipment, containers;

- with the use of other means that make it difficult to detect objects (with concealment of contraband in the body or body of man or animals, in clothing, footwear, hats, in the cavities of the vehicle, in luggage, food, personal items, as well as with the use of children, the elderly, the disabled;

- by giving some items the appearance of others through a significant replacement of the external characteristics of items, including containers, packaging, which makes it possible to attribute contraband items to items of another type;

- with the submission to the customs authority as a basis for the movement of objects across the customs border of certain documents (forged, obtained illegally, containing false data).

There are specific forms of smuggling:

- due to non-receipt of revenues from customs duties, the state monopoly of foreign trade is undermined, the revenue part of the budget is reduced;

- direct huge economic losses are inflicted on the state, which weakens its international position, authority;

- smuggling - one of the ways to obtain criminal proceeds, which sometimes amount to quite large sums of money, which significantly undermines and distorts the processes of normal functioning of distributive social relations;

- in connection with the smuggling of weapons and ammunition into the country there is a serious threat to the public safety of our citizens;

- there is a threat to the national security of the country and the security of other countries in the case of illegal export (import) of weapons of mass destruction, materials or technologies used for their manufacture;

- smuggling of foreign currency values in the form of gold, silver, platinum group metals, natural gems undermines the country's foreign exchange and gold reserves;

- serious damage to the state economy is caused by smuggling in the form of production waste, illiquidity, secondary raw materials of acutely deficient non-

ferrous metals and their alloys (copper, brass, aluminum, alloyed grades of rolled metal, including rare - land materials);

- the social danger of smuggling is also manifested in the fact that it is the main channel for the export of national cultural values, unique works of art that have great historical and cultural significance for our people, world culture;

- increased public danger, especially for the younger generation of our state, is drug smuggling;

- a high degree of criminogenicity of smuggling as a crime, its provocation of other serious crimes, in particular giving (receiving) bribes; theft of state, collective or personal property, valuables; abuse of power or official position; forgery of official documents; various drug abuse.

The following administrative penalties may be imposed for violation of customs regulations:

- warning;

- fine;

- confiscation of goods, commercial vehicles - direct objects of violation of customs rules, goods, vehicles with specially made storage (hiding places) used to hide goods from customs control (except for commercial vehicles used exclusively for the carriage of passengers and goods across the customs border of the country on certain routes and flights), as well as vehicles used to move goods - direct objects of violation of customs rules across the customs border of the country outside the location of the customs authority.

Administrative penalties for violation of customs rules are measures of responsibility for customs offenses provided by the sanction of customs law.

Types of violations of customs regulations:

1. Violation of the customs control zone regime

2. Illegal transactions with goods, customs clearance of which is not completed, or with goods in temporary storage under customs control

3. Non-delivery of goods, commercial vehicles and documents to the customs authority of destination, their issuance without the permission of the customs authority or loss

4. Violation of the procedure for passing customs control in the zones (corridors) of simplified customs control

5. Non-declaration of goods, commercial vehicles

6. Shipment across the customs border of the country in international postal and express shipments of goods prohibited before such shipment

7. Obstruction of an official of the customs authority in access to goods, vehicles, documents

8. Failure to submit to the customs authority reports on goods under customs control

9. Movement of goods across the customs border of the country in violation of intellectual property rights

10. Violation of the procedure established by law for the import of goods into the territory of a free customs zone, export of goods outside this territory and / or the procedure established by law for transactions with goods placed under the regime of a free customs zone

11. Violation of the procedure for storage of goods in customs warehouses and transactions with these goods

12. Violation of the order or terms of disposal of goods placed in the duty-free shop

13. Violation of the procedure for processing goods

14. Exceeding the term of temporary import or temporary export of goods

15. Movement or actions aimed at the movement of goods, commercial vehicles across the customs border of the country outside customs control

16. Movement or actions aimed at moving goods across the customs border of the country with concealment from customs control

17. Storage, transportation or purchase of goods, commercial vehicles imported into the customs territory of the country outside customs control or with concealment from customs control

18. Actions aimed at unlawful exemption from payment of customs duties or reduction of their amount, as well as other illegal actions aimed at evasion of customs duties.

When carrying out smuggling actions, methods are used, ie actions of a person, including preparation, execution and concealment of illegal movement across the customs border, which can be divided into two groups.:

1. Physical methods that include:

- concealment - an attempt to hide smuggled goods in another product or with the declared to transport undeclared or hide the goods from customs inspection;
- threat to customs officers to obtain a permit for import / export of contraband;
- transportation of a very large amount of goods, which makes it possible to move a small part of the contraband.

2. Economic methods that include:

- bribery - a method of bribing customs officers for permission to import / export contraband;
- use of diplomatic protection - the goods can be imported / exported as diplomatic luggage, which is exempt from customs inspection;
- understatement of the customs value of goods moving across the customs border.

8.2. Practical aspects of combating customs offenses

Effective counteraction to the development of smuggling activities in border areas in the context of strengthening the economic security of the state involves the implementation of such organizational and economic measures:

- equipping the state border of the country with modern equipment to protect against illegal crossing along its entire line, equipping observation posts with means of monitoring, communication, signaling, etc .;

- streamlining the process of customs clearance of transport goods by reducing the number of bureaucratic procedures, reducing the time for their implementation on the basis of automation, the use of specialized devices, equipment and software, minimizing contacts between customs officers and direct carriers;

- optimization of the list of names of products, goods, material values and other cargoes subject to customs duty rates (with the subsequent possibility of their reduction or abolition), in accordance with the provisions of foreign trade agreements, balances of production and consumption in the domestic market, the interests of domestic exporters and importers;

- decriminalization of certain aspects of smuggling by legalizing certain activities that have a low level of public danger, the formation of mechanisms and incentives for de-shadowing of smuggling flows, the use of customs amnesty instruments, the creation of transparent foreign trade schemes;

- development of a network of checkpoints across the state border and customs posts in the border areas of the country, improvement of their technical equipment with modern means of customs clearance, photo and video surveillance, processing and systematization of information, scanning of goods and vehicles, etc .;

- Improving the staff of the customs service and law enforcement agencies by reviewing the existing approaches to the selection of employees with mandatory testing on a lie detector, orientation along with professional skills, experience and knowledge of their high moral and ethical qualities, the use of effective development tools, training and career growth of personnel, formation of mechanisms of their mutual control, ensuring transparency of activity of these services and their accountability to public organizations;

- stimulating the processes of socio-economic development of the country's border areas on the basis of financial, market, road and other infrastructure, creating technology business parks, venture and innovation funds, budget decentralization and reducing the inertia of regional development management;

- implementation of a purposeful and consistent information policy to prevent the development of smuggling activities, which aims to promote legal business, explain to the public the anti-social nature of smuggling and the inevitability of liability for its commission.

To combat smuggling, the following problems need to be addressed:

1) to establish strict parliamentary and public control over the actions of customs and border authorities and to ensure punishment for corrupt acts;

2) optimize the rates of import duties, excise duties and VAT, taking into account the required level of protection of the domestic market;

3) simplify the procedure for customs clearance of goods;

4) to ensure the interaction of customs and law enforcement agencies of the country, as well as law enforcement and regulatory authorities of neighboring states and customs authorities for the exchange of information;

5) provide maintenance of customs with modern means of customs control, ie install video surveillance systems, electronic scales, scanning devices, etc .;

6) to promote the development of the cynological service and to apply search methods of drug detection based on international experience;

7) to issue analogues of narcotic drugs for training dogs, because training is carried out with the use of substitutes that differ in smell from the original;

8) cover in the mass media the actions of public authorities related to the fight against smuggling and violations of customs regulations.

Proposals for an organizational plan to combat smuggling:

1. The approach to tackling smuggling should be comprehensive, consisting not only of strengthening customs and border controls, but also of closing the gaps in the domestic market that give life to smuggling schemes.

2. In practice, the fight against the possibility of selling smuggled goods in the domestic market pays off more than the new anti-corruption programs at customs and border services.

3. The situation requires full information exchange between the databases of customs and border service, as well as compliance with the law on the right to duty-free import of goods only when abroad for more than 24 hours and entry no more than once every 72 hours.

4. The fight against sources of smuggling should, whether performing a law enforcement and economic function, take into account the social aspect, such as overcoming unemployment in border areas.

5. The country's customs security system should be formed taking into account the international experience of the world's leading states. In this regard, it is necessary to reform the country's customs security.

6. It is necessary to expand the powers to carry out operational and investigative activities by customs authorities and unify the customs and criminal procedure legislation of the country in terms of ensuring effective mechanisms for customs authorities to carry out operational and investigative measures against crimes that may be detected during customs control.

Questions for self-control:

1. What does the concept of smuggling mean?

2. What are the objects of smuggling?

3. What are the preconditions for smuggling do you know?

4. Into which 2 groups are smuggled objects divided?

5. What are the ways of smuggling across the country's borders?

6. What are the specific forms of smuggling?

7. What administrative penalties can be applied for violating customs rules?
8. What are the types of violations of customs regulations?
9. What measures should be implemented to reduce the level of smuggling?
10. How should the Customs Service be recruited to reduce smuggling?

Tests:

1. Customs control is:

- a) inspection of goods and vehicles;
- b) a set of measures taken to ensure compliance with the Customs Code, laws and other regulations on customs matters, international treaties;
- c) control over the movement of goods and vehicles across the customs border by legal entities and individuals;
- d) the procedure for customs clearance and clearance of goods and vehicles across the customs border.

2. Items prohibited for import into the customs territory of country:

- (a) Military weapons of all kinds, ammunition and military equipment;
- b) narcotic and psychotropic substances, highly toxic, radioactive, explosive, other objects that may harm the health or endanger the life of the population and wildlife, or lead to the destruction of the environment;
- c) works of art, cultural and historical values;
- d) all answers are correct.

3. In case of damage to goods placed under the customs regime of duty-free trade, these goods are subject to placement under the customs regime:

- a) destruction or destruction;
- b) processing in the customs territory;
- c) duty-free trade;
- d) transit movement.

4. The declarant is:

- a) a legal or natural person who declares goods and means of transport moving across the customs border;
- b) a natural person who, on the basis of a contract, prepares a cargo customs declaration and the documents attached to it for customs clearance;
- c) a legal or natural person who declares goods or other items, accompanies the goods, as well as documents on it until it is exported outside the customs territory;
- d) a person who represents the interests of carriers-consignors / consignors before the customs authority, pays for them the statutory taxes and fees for goods moving across the customs border.

5. The movement of goods under the customs regime of export is as follows:

- a) goods - internal customs - customs clearance - clearance and movement - border customs;
- b) goods-internal customs-customs clearance-border customs-clearance and movement;
- c) goods-customs clearance-internal customs-border customs-clearance and movement;
- d) goods - customs clearance - internal customs - TV pass movement - border customs.

Topic 9. FOREIGN EXPERIENCE IN CUSTOMS CLEARANCE

CONTENT:

9.1. Customs policy of the European Union

9.2. Polish customs system

9.3. Basics of customs in Georgia

9.4. China's customs business

9.5. Japan's customs system

9.6. Customs policy in Saudi Arabia

9.7. US customs policy

9.1 Customs policy of the European Union

The customs policy of the EU member states is largely unified.

Under the founding treaties, customs regulation is one of the areas within the jurisdiction of the integration association.

EU law regulates two main areas of customs regulation:

- relations within the customs union formed by member countries;
- relations governing the EU's trade with third countries.

The Treaty on European Union establishes the exclusive competence of this integration association in the field of customs and foreign trade regulation. However, in some cases, Member States have the right to adopt their own national regulations on:

- bans and restrictions on imports and exports based on public morality and security; protection of health and life of the population; plant and animal protection; protection of national historical, archeological and artistic heritage; protection of industrial and commercial property;
- means of consumer protection and environmental protection;
- the exercise of rights and obligations under agreements of EU countries with third countries, which were concluded before January 1, 1958, and for new EU members - until the date of their accession to the Union.

Given that the basis of the European Economic Community is precisely the customs union, the Community is faced with the urgent need to unify the customs legislation of the Member States. The EU Customs Code summarized the provisions of customs legislation, which were contained in a significant number of Community regulations and directives.

The Code contains general rules and procedures to ensure the application of tariff and other measures introduced at Community level in connection with trade in goods between the Community and third countries.

The adoption of the Customs Code has created a single legal framework for customs in the EU, which is binding throughout the customs territory of the Community and sets limits on the EU's legal capacity in the field of customs.

The customs system of the European Union provides for the existence of a Common Customs Tariff, uniform rules and regulations for assessing the customs value of goods, establishing the country of origin of goods, a single procedure for moving goods across the customs border of the Community. The EU Common Customs Tariff is the set of duty rates applicable to goods imported into the single EU customs territory from third countries.

Today, the EU has TARIC (The Integrated Tariff of the European Communities) - a centralized database of the European Union's integrated customs tariff system. TARIC consists of almost one hundred different databases and is based on the Combined Nomenclature (CN).

It is worth noting that as a result of the Uruguay Round of negotiations at the GATT, the weighted average customs tariff of the European Union fell to about 3%.

The basis for the calculation and collection of duties and other mandatory payments is the customs value of the goods.

The issues of calculating the customs value of goods are regulated by the Customs Code and the Implementing Code of the European Union.

In Art. 28 of the Customs Code provides the following definition of the customs value of imported goods:

"The customs value of an imported good is the value of the transaction, ie the price actually paid or to be paid for the good when it is sold for export to the customs territory of the Community."

EU customs rules restrict the importation of certain types of goods into the Community. In addition, there are price limits for imported goods.

The purpose of such restrictions is to prevent damage from imported goods to the population of a Member State, to the State itself and to its economy. Thus, restrictions are imposed on the import of alcoholic (strong and weak) beverages, animal products, tobacco products, coffee and perfumes.

In general, each EU country has its own rules for the import of goods, which have much in common, but there are some differences.

On January 1, 2001, as part of the reform of the EU Customs Code, a provision was made regarding the need to provide information on the safety of imported goods.

In pursuance of this rule, a *"general declaration of arrival"* was introduced - a new form of electronic declaration for all modes of transport.

Suppliers of imported goods are obliged to provide electronic declarations to the customs authorities before the goods arrive at the customs checkpoint.

This allows the customs authorities of the EU member states to detect harmful goods in advance and not to detain goods that are trustworthy and safe. The declaration shall be lodged not later than one day before the arrival of the goods at the port customs offices and one hour at the road and air checkpoints across the customs border of the Community. Safety information must also be provided for goods to be exported outside the customs territory of the European Union.

9.2. Polish customs system

The Republic of Poland is a member of the European Union, and this is what determines the specifics of the implementation of its customs policy and the functioning of the customs system.

After Poland's accession to the EU (May 1, 2004), customs policy was transferred to the level of supranational competence, and thus its national character disappeared, and a reformed state customs system was created.

The direction of changes in Poland's customs policy was determined by the adaptation to the principle of free and unrestricted trade in the European Union, which is one of the principles of its existence. The basis of free trade are the three most important elements:

- elimination of the tariff barrier (formation of a customs union between member countries);
- elimination of fiscal restrictions;
- elimination of non-tariff restrictions (quantitative and qualitative).

With the accession of Poland to the European Union, it lost the right to independently determine customs policy and set customs tariffs, and a significant share of collected customs duties is transferred to the EU budget.

The largest losses from Poland's accession to the EU were suffered by light and food enterprises, as the new duty rates on their products were lower by 6% than those in force before accession.

This was a factor in the significant growth of imports of footwear and textiles from China, as well as food products from Eastern Europe. Significant liberalization of imports has led to a negative trade balance - \$ 3 billion. US dollars in trade in goods and 4 billion dollars. USA together with services in 2005.

In order to reduce the losses from the liberalization of customs duties, Poland received a number of preferences from the European Union, namely:

- 1) the right to preferential taxation of the housing sector;
- 2) establishment of monetary compensation to agricultural producers in percentage terms to the average level of subsidies provided to representatives of the agricultural sector of the united Europe (in the first year of EU membership they were 55%, in the second - 60%, in the third - 65%).

The need to provide preferences to the agricultural production sector was due to its low level of development, and hence - non-competitiveness in the EU market.

Poland's current customs tariff also defines preferences that protect the automotive and oil refining industries. Rates of import duties on cars and a number of oil products from countries to which Poland has granted the most-favored-nation treatment remain at a fairly high level.

An important step in Poland's preparation for EU accession was the adoption of the Customs Code (January 1, 1998), which was based on the European Union Customs Code and, on the one hand, simplified customs procedures and, on the other, obliged to control trade more effectively. FEA.

This allowed maintaining a balance between simplification of customs procedures and control functions of the customs administration.

In 2001, the Polish Customs Code was amended to further harmonize customs legislation with the European Union.

On April 30, 2004, the Customs Code expired due to the entry into force of the EU Customs Code.

The restructuring of the Polish customs service took place in several stages.

Organizational and structural changes were to reduce the number of customs offices and customs departments, which led to changes in the staff of customs posts.

The liquidation of customs borders between Poland and the EU resulted in the elimination of customs posts in western and southern Poland.

The main function of the Polish customs service is fiscal.

It should be noted that the Polish customs service brings about 41% of revenues to local budgets. This is the revenue from the collection of excise duty on imported and domestic goods, import duties. 75% of import taxes are transferred to the EU budget.

Thus, the main current trends in reforming the Polish customs system include simplification of the organizational structure and reduction of the number of structural units while expanding functions and tasks, a clear division of powers and responsibilities between management levels, a significant reduction in the number of customs officers.

Currently, Poland has a four-tier customs management system with a clear division of competence between its levels:

1. Ministry of Finance of the Republic of Poland;
2. Customs Service of the Republic of Poland;
3. Customs;
4. Customs departments.

9.3. Basics of customs in Georgia

Georgia has a single customs policy, which is an integral part of the domestic and foreign economic policy of the state, determined by the parliament.

The tasks of Georgia's customs policy include: protection of economic sovereignty and economic security of the state, stimulation of economic development, protection of the domestic market, etc. The legal and organizational basis for the implementation of customs policy is the Customs Code of Georgia.

Customs affairs in Georgia are carried out by the Customs Department.

The Georgian Customs Service is not a fiscal authority and administers import duties in accordance with the general directives of the Ministry of Economic Development. Therefore, **the main function of customs authorities is regulatory**, which involves control over the structure of the domestic commodity market and the use of protectionist instruments in the interests of domestic producers.

Customs taxes and duties applicable in Georgia are:

1. Taxes: customs tax, value added tax, excises;
2. Customs duties: fee for customs procedures, fee for issuing licenses.
3. Georgian legislation provides for only three import duty rates - 0%, 5% and 12%. The list of goods belonging to each of the three tariff categories is determined by the Ministry of Economic Development. Such a tariff system makes it possible to reduce cases of violation of customs legislation and understatement of customs value.

4. Georgia has simplified customs procedures and formalities as much as possible. Thus, according to Enterprise Surveys, Georgia ranks first among Eastern European and Central Asian countries in the length of time it takes to resolve and coordinate disputes with regulatory authorities.
5. The country has a system of automatic processing of declarations "ASYCUDA".

A significant step in reforming Georgia's customs system was the adoption in 2006 of a law regulating customs and tariff activities in the country. As a result of the adoption of the Law, the following changes took place:

- merging customs and tax services, as well as reducing the number of regulatory authorities;
- simplification of all customs documents and reduction of their number. Thus, the number of required documents for export transactions was reduced from 52 to 4, and import - from 54 to 5 documents;
- uniform rules and terms of issuance of customs documents on the principle of "single window" have been introduced. For example, the issuance of permits for certain activities (operations) must be carried out within 20 days, the issuance of licenses - within 30 days from the date of receipt of the request;
- automation of certain customs procedures, namely: online declaration and customs clearance of postal parcels; informing importers using SMS about the current state of the cargo at each stage of customs clearance;
- introduction of the automated customs data processing system ASYCUDA WORLD, which was developed by UNCTAD and used in more than 80 countries, etc .;
- abolition of import and export quotas;
- liberalization of drug import rules.

It is worth noting that the Georgian government unilaterally opens its country to foreign trade relations without waiting for the signing of bilateral and multilateral international agreements.

9.4. China's customs business

The Chinese Customs Service is the state border control body at border crossings.

Organizational structure of China's customs system:

1. Minister - General Customs Commissioner of the General Customs Administration of China;
2. Regional customs - Guangdong, Tanjin, Shanghai and regional organizations (46);
3. Customs (568) and customs clearance points (4000).

China's customs service, with more than 48,000 employees, provides effective customs control in 247 ports.

In addition, the Chinese Customs Service has 2 customs schools located in Shanghai and Kainhuangdao. China Customs has international offices in Brussels, Moscow and Washington.

The main functions and tasks of the CU of China:

- *fiscal*: assessment, collection and refund of duties, customs fees and charges; customs control and customs clearance of goods and vehicles;
- *law enforcement / protection*: fight against smuggling and permanent residence; inspection of vehicles and containers; passenger control, protection of intellectual property rights;
- *information*: keeping customs statistics.

Unlike most countries in the world, where customs clearance mainly takes place at the destination of goods, in China almost all imports are processed in several major customs offices operating in the largest ports. To export, 15 bond zones have been created, which are characterized by the highest degree of openness and the provision of benefits and assistance to enterprises registered in them during export operations.

As for the *powers of the Chinese customs service*, they include the following:

1. Customs control: according to the standardized procedure, during registration the customs checks all documentation and controls cargo flows.

2. Collection of customs duties: the customs collects customs duties, internal taxes and related fees, collecting them on behalf of other import and export authorities.

3. Combating smuggling: its detection and termination is carried out by customs in accordance with the law, it is aimed at detecting, combating and eliminating smuggling activities.

4. Maintenance of customs statistics: customs collects and processes information on the documents of declarations for the compilation and analysis of statistics on prices, countries and methods of trade in goods.

Duties rates. There are rates of import and export duties.

Rates of import duties are divided into general and preferential.

General duties apply to those countries with which China has not concluded preferential taxation agreements, preferential - to those countries with which China has concluded preferential taxation agreements.

More than 20 different general rates of import duties are used - from 0%, 8% to 270% and more than 50 preferential rates - from 0%, 1% to 121.6% (arithmetic average rate is 16.8%).

As for export duties, 5 different rates are applied for 36 items of exported goods - from 20% to 50%.

Calculation of customs duties. Both a cost and a quantitative approach can be used to calculate the duty.

Exempt from duty: goods (goods) worth less than 10 yuan; promotional products and samples of goods not intended for sale; goods provided free of charge by international organizations or foreign missions.

The most important partners regarding

exports are: the United States - 20.03%, Hong Kong - 12.03%, Japan - 8.32%, South Korea - 4.55%, Germany - 4.27%,

and for imports: Japan - 12.27%, Hong Kong - 10.06%, South Korea - 9.04%, USA - 7.66%, Taiwan - 6.84%, Germany - 5.54%.

In 2019, China *imported* 3.41 trillion. dollars, which makes it the second largest importer in the world. Most of the imports are integrated circuits, which account for 6.42% of China's total imports, followed by crude oil, which accounts for 3.21%.

In 2019, China *exported* 5.29 trillion. dollars, which makes it the largest exporter in the world. The most exported commodity is computers, which account for 3.45% of China's total exports, followed by language equipment, which accounts for 3.21%.

9.5. Japan's customs system

Today, Japan is one of the most open countries in the world, with a weighted average duty rate of 2%.

At the same time, there are actually prohibitive rates for some types of goods: rice - 444%, wheat - 193%, as well as high rates are set for dairy, meat and petroleum products.

Japan's duty rates are grouped as follows:

1. General duty rates;
2. Tariff rates fixed in the WTO;
3. Preferential duty rates;
4. Temporary duty rates.

Japan is not a member of any international trade organization other than the WTO and WMO, but it has preferential customs treaties with a number of developing countries.

About 95% of tariff rates in Japan are advalorem (ie they are calculated as a percentage of the value of the goods). At the same time, many rates are differentiated, depending on the applied method of determining the customs value.

More than a third of goods are not subject to customs duties upon import, mostly raw materials. More than 45% of goods are taxed at rates of less than 5%, and only 3% of goods are taxed at rates of more than 30%, including: textiles, footwear and food.

Japan makes extensive use of quotas and other non-tariff regulation methods, but it makes almost no use of countervailing or anti-dumping rates.

Tasks and functions of the customs authorities of Japan:

- ***fiscal:*** assessment, collection and refund of duties and excises; collection of customs duties, ship taxes and tax on international freight; customs control over goods; passenger control, baggage inspection; control of exports and imports of goods, ships, aircraft and passengers, in accordance with the laws and regulations of Japan; general support for tariff policy;
- ***law enforcement / protection:*** border protection; inspection and search of vehicles and containers; consideration of customs appeals; administrative consideration; preparation and application of customs legislation; participation in the work of international customs organizations; preparation of foreign trade statistics;
- ***organizational:*** monitoring the activities of brokers and registration at customs; organization of customs training.

One of the most important means of promoting the development of foreign economic activity is a developed, diversified and the world's largest system of *state insurance of trade and investment in Japan*, which quite reliably limits the interests of national operators from various risks.

Import quotas in Japan cover 77 items. The list of goods subject to quotas is given in the annexes to the Law "On Control over Foreign Currency and Foreign Trade".

Japan makes extensive use of quotas and other non-tariff regulation methods, but it makes almost no use of countervailing or anti-dumping rates.

Japan also has a unique system of tax benefits for importers who import non-taxable goods: these companies are entitled to a tax credit of 5% of imports. The volume of imports of non-taxable goods is over 25%.

Also, non-tariff regulation of exports is carried out according to the COCOM lists, according to which exports are prohibited for 175 items.

9.6. Customs policy in Saudi Arabia

In Saudi Arabia, only customs duties are levied on imported goods. VAT, excise duties or any other internal charges and taxes on domestic or imported goods are not levied.

The customs tariff of Saudi Arabia contains 7151 tariff lines on 8 signs, of which: 7051 - ad valorem, 19 - combined, 81 - prohibited for religious reasons.

The arithmetic mean of the related tariffs on imports of goods, according to the commitments made upon accession to the WTO, is 10.9%, and the arithmetic mean applied tariff is 5.2.

Imports of drugs, alcohol, live pigs and pork, as well as slot machines are **completely banned** in Saudi Arabia in order to comply with international conventions, protect national security, health, and moral and religious considerations.

Saudi Arabia **bans the export** of the following goods:

- females of purebred horses of Arabian breed; racehorses; cattle; pony; camels; goats and sheep; wood; fodder and hay; holy water "Zamzam"; antiques and objects of archaeological and historical value.

In addition, the following goods require **export licensing**:

- horses; wheat; barley; corn; soybeans; baby food based on milk; sand mixing units; marble; stone mixtures; limestone; crude oil; fuel; gases, including liquefied; asphalt; radioactive materials; ozone-depleting substances; medicines; filled gas cylinders; agricultural machinery; wild fauna and flora.

9.7. US customs policy

The United States customs authorities include the United States Customs and Border Protection and the United States Bureau of Customs and Border Protection.

Any goods imported into the United States must go through a number of formalities designed not only for the proper application of the customs tariff, but also to ensure that importers comply with US rules of origin, technical regulations, hygiene rules. , security and labels. Only then can the goods be imported into the customs territory of the country.

The U.S. Customs Service levies a fee to reimburse the costs associated with its activities. This fee is 0.21% of the value of imported goods (the rate may change at the discretion of the Minister of Finance, and it should not exceed 0.21% and be lower than 0.15% of the value of goods). There is also a fixed fee for trucks, containers and wagons entering or entering the United States.

The North American Free Trade Agreement (NAFTA) plays an important role in US customs regulation. This agreement abolishes the duty on a significant part of the commodity groups that import to Canada, Mexico and the United States.

The United States uses a customs tariff based on the Harmonized Tariff Shedule (HTS), developed with the participation of the Customs Cooperation Council. The harmonized system consists of three parts: 1) structured product range; 2) general rules of interpretation; 3) legal comments.

The rates of import duty are indicated in two columns, in the first of which - two columns. The first column is the preferential tariff (for goods imported from countries to which the United States applies preferential terms). The second column shows the full duty rates on most-favored-nation goods. Given that the most-favored-nation treatment does not require special agreements, it can be used by almost all countries, except those listed in US law (Cuba, Laos, North Korea). The separate rates of the duty specified in the second column of the customs tariff are applied to the goods of the last.

The packaging of any goods imported into the United States must contain information about the country of origin in English. Products which, at the time of

crossing the border, do not contain information on the country of origin, are subject to re-export or, under the supervision of the customs service, the country of origin is indicated on them. Otherwise, the goods are subject to destruction. In addition, penalties (duties) of 10% of the value of the infringing goods are paid.

U.S. federal law provides for a large number of requirements for imported goods aimed at protecting the health and safety of humans, animals and plants, as well as the proper application of customs laws. In addition, the US customs authorities prevent the import of goods that are infringed by copyright, trademarks and patents.

You must have a license to import certain groups of goods. These are, for example, alcoholic beverages, goods of plant or animal origin, some medicines, firearms and ammunition, oil products, etc. In addition, additional safety regulations apply to products such as textiles, clothing, vehicles, radio and television, and medical equipment. These product groups must meet a number of requirements regarding their appearance and labels.

Anti-dumping duties may be imposed on US producers to protect them in the United States.

If a foreign commodity imported into the United States is considered to be subject to a subvention (subsidy to local budgets from the state) of a foreign state at the stage of production or export, it may be subject to a countervailing duty.

Questions for self-control:

1. What are the main areas of customs regulation regulated by EU law?
2. What national customs rules do EU Member States have the right to adopt in some cases?
3. What are the features of the Polish customs system?
4. What are the key changes in the Georgian customs system?
5. What are China's largest import and export partners?
6. What are the features of the Japan customs system?
7. What are the features of the Saudi Arabia customs system?

8. What are the restrictions on the crossing of US customs goods?
9. What are the features of the your country customs system?

Tests:

1. The customs policy of the EU member states is:

- a) diversified;
- b) unified;
- c) consolidated;
- d) standardized.

2. The weighted average customs tariff of the European Union is:

- a) 10%;
- b) 2%;
- c) 3%;
- d) 7%.

3. Customs tariffs of which countries have become the foundation for the formation of a single customs tariff of the European Union?

- a) France, Belgium, the Netherlands, Germany;
- b) Bulgaria, France, Germany, the Netherlands;
- c) Luxembourg, Italy, Spain, Austria;
- d) The Netherlands, Luxembourg, Greece, Denmark.

4. Which article of the EU Customs Code defines the basis for accrual and collection of duties and other mandatory payments?

- a) 23;
- b) 11;
- c) 28;
- d) 4.

5. *Which goods are restricted by EU customs regulations?*

- a) alcoholic beverages, tobacco products, medicines;
- b) medicines, perfumes, alcoholic beverages;
- c) perfumes, alcoholic beverages, coffee;
- d) there is no correct answer.

6. *No later than the deadline for submitting a "general declaration of arrival" of goods at port customs offices?*

- a) 1 day;
- b) 12 hours;
- c) 48 hours;
- d) 1:00.

7. *Which industries have suffered the most since Poland's accession to the EU?*

- a) light and food;
- b) heavy and food;
- c) light and heavy;
- d) only light.

8. *What conditioned the granting of preferences to the agricultural production sector in Poland?*

- a) change in% on exports of goods in this group, which led to the decline of the industry;
- b) low level of development of the sector;
- c) too abrupt transition to another customs code;
- d) a and b.

9. *What % of import taxes in Poland are transferred to the EU budget?*

- a) 15%;

- b) 82%;
- c) 50%;
- d) 75%.

10. The main function of the customs authorities in Georgia is:

- a) regulatory;
- b) controlling;
- c) stimulating;
- d) distributive.

11. What are the rates of import duty provided by the legislation of Georgia?

- a) 0%, 7%, 20%;
- b) 0%, 7%, 12%;
- c) 0%, 5%, 12%;
- d) 0%, 10%, 15%.

12. How many customs schools has the Chinese customs service?

- a) 10;
- b) 16;
- c) 23;
- d) 2.

13. What is the rate of duty set for rice in Japan?

- a) 2%;
- b) 18%;
- c) 444%;
- d) 52%.

14. The import of which goods is completely banned in Saudi Arabia?

- a) alcoholic beverages, tobacco products, cows and beef;

- b) tobacco products, narcotics, slot machines;
- c) drugs, alcoholic beverages, live pigs and pork;
- d) slot machines, tobacco products, drugs.

15. Which countries' goods are subject to separate duty rates listed in the second column of the US customs tariff?

- a) Cuba, Laos, North Korea;
- b) North Korea, South Africa, China;
- c) China, Mexico, Italy;
- d) China, Cuba, Brazil.

16. Realization of rights and obligations under the agreements of the EU countries were concluded:

- a) 1958;
- b) 1968;
- c) 1972.

17. How many levels of the Polish customs system?

- a) 2;
- b) 3;
- c) 4.

18. The Ministry of Finance of the Republic of Poland carries out:

- a) control over compliance with customs law;
- b) control over cases that fall within the competence of customs authorities;
- c) implementation of state customs policy.

19. The tasks of Georgia's customs policy are:

- a) protection of economic sovereignty;
- b) stimulating economic growth;

- c) protection of the internal market;
- d) all answers are correct.

20. Customs in Georgia is carried out by:

- a) Customs Department;
- b) Department of Foreign Policy;
- c) Ministry of Economy.

21. The main function of customs authorities:

- a) controlling;
- b) fiscal;
- c) regulatory.

22. Georgia's three import duty rates:

- a) 0%, 3%, 11%;
- b) 0%, 5%, 12%;
- c) 1%, 35.10%.

23. The first place among the countries of Eastern Europe and Central Asia in terms of the time spent on resolving and agreeing disputes with regulatory authorities is:

- a) Armenia;
- b) Azerbaijan;
- c) Georgia.

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Annexs

Annex A

Basic terms and their definitions

<i>Nº</i>	<i>Terms</i>	<i>Definitions</i>
1.	<i>Base price</i>	The price previously agreed by the buyer and the seller - the future parties to the foreign trade agreement (contract), which is the basis for determining the contract price of the goods depending on the variety, quality, etc. and can be adjusted by discounts.
2.	<i>Basic terms of delivery</i>	Terms of delivery, which are distributed between the seller and the buyer, the obligation to draw up documents and pay the costs that determine the moment of transfer of ownership, insurance risks and liability for the goods.
3.	<i>Duty free trade</i>	Customs regime, according to which goods not intended for free circulation in the customs territory of the country are located and sold for export outside the customs territory of the country under customs control at checkpoints across the state border, open to international traffic, and air and water transport commercial vehicles operating international flights, with conditional exemption from customs duties imposed on the import and export of such goods, and without the application to them

		of measures of non-tariff regulation of foreign economic activity, including types of control
4.	<i>Refusal in favor of the state</i>	Customs regime, according to which the owner renounces foreign goods in favor of the state without any conditions in his favor.
5.	<i>Free customs zone</i>	Customs regime, according to which foreign goods are imported into the territory of a free customs zone and exported from this territory outside the customs territory of the country with exemption from customs duties and without the application of non-tariff measures of foreign economic activity, and national goods are imported into a free customs zone with taxation customs duties and the application of non-tariff measures.
6.	<i>Declarant</i>	Person who carries out the declaration or on whose behalf the declaration of goods and vehicles moving across the customs border is carried out.
7.	<i>Declaration</i>	Statement to the customs authority in the prescribed form of accurate information about goods and vehicles moving across the customs border.
8.	<i>State Duty</i>	Payment made for the performance of legal actions and for the issuance of documents of a legal nature by authorized state bodies and transferred by them to the budget.

9.	<i>Export (export of goods)</i>	Sale of goods by domestic foreign economic entities to foreign economic entities (including non-monetary payments) with or without export of these goods across the customs border, including re-export of goods.
10.	<i>Export quota</i>	The volume of sales for export of certain goods established by the state.
11.	<i>Export control</i>	System of state measures to regulate the export of weapons, ammunition, raw materials and dual-use technologies.
12.	<i>Embargo</i>	Prohibition of export or import of goods, currency, services to any country (prohibition of foreign economic activity with a certain country).
13.	<i>Destruction or destruction</i>	Customs regime, according to which foreign goods under customs control are destroyed or brought into a state that excludes the possibility of their use, with conditional full exemption from customs duties imposed on imports of these goods, and without the application of non-tariff regulation of foreign economic activity.
14.	<i>Free trade zone</i>	The countries party to the mutual free trade agreement eliminate trade barriers between themselves, but each retains its trade restrictions vis-à-vis third countries.
15.	<i>Customs control zone</i>	The place determined by the bodies of revenues and fees at checkpoints across the state border, within which the bodies of

		revenues and fees carry out customs formalities.
16.	<i>Simplified customs control zone</i>	Part of the customs control zone with appropriate technical and information equipment for control in a simplified manner.
17.	<i>Import</i>	Customs regime, according to which foreign goods after payment of all customs duties established by law on the import of these goods and the completion of all necessary customs formalities are issued for free circulation in the customs territory of the country to which they arrived.
18.	<i>Incoterms</i>	A collection of international trade terms published by the International Chamber of Commerce. The dictionary provides terms according to the basic conditions of supply, relating to the transportation process, registration of supplies, etc.
19.	<i>Quotas</i>	Quantitative restriction of both the physical volume of imports and their value. The main purpose of quotas is to limit the import-export supply of certain goods or to completely stop the import-export of some or all of them from certain countries or from all countries.
20.	<i>Country origin of goods</i>	Country in which the product was fully manufactured or subjected to sufficient processing. In this case, the country of origin of the goods may also mean a group

		of countries, customs unions of countries, region or part of the country, if it is necessary to separate them in order to determine the origin of the goods.
21.	<i>Duty free shop</i>	A specialized trade establishment located at a border crossing point open to international traffic, as well as on an air or water commercial vehicle operating international flights, and intended for the sale of goods placed under the customs regime of duty-free trade.
22.	<i>Customs value of goods</i>	The value of the goods, determined in accordance with the customs legislation of the country, used in the imposition of goods by duty, the introduction of customs statistics of foreign trade and special customs statistics, as well as the use of other measures of state regulation of trade and economic relations. currency control of foreign trade agreements and settlements of banks on them in accordance with the laws of the country.
23.	<i>Customs declaration</i>	Customs regime under which goods and / or commercial vehicles are moved under customs control between two revenue authorities of the country or within the area of activity of one revenue authority without any use of these goods, without payment of customs duties and without the use of measures of non-tariff regulation of foreign

		economic activity.
24.	<i>Customs business</i>	Collection of duty rates applicable to goods moving across the customs border.
25.	<i>Customs clearance</i>	A set of interrelated legal norms that, in accordance with the stated purpose of moving goods across the customs border of the country determine the customs procedure for these goods, their legal status, tax conditions and determine their use after customs clearance
26.	<i>Customs regulation</i>	Regulation of issues related to the establishment of customs duties and customs duties, customs control procedures, organization of customs control of the country.
27.	<i>Customs broker</i>	An enterprise that declares goods and vehicles moving across the customs border of the country and has a license for the right to carry out customs brokerage activities, issued by a specially authorized central executive body in the field of customs.
28.	<i>Customs control</i>	Activities of specially authorized executive bodies and their officials at checkpoints across the state border to verify compliance of goods and vehicles with customs, sanitary, veterinary, phytosanitary, radiological, environmental and other types of control established exclusively by laws and international treaties of the country.

29.	<i>Customs border</i>	Operations related to customs control over the movement of goods and vehicles across the customs border of the country, customs clearance of these goods and vehicles, as well as the collection of statutory taxes and fees.
30.	<i>Customs review</i>	The set of actions to be performed by the relevant persons and bodies of revenues and fees in order to comply with the requirements of the legislation of the country on state customs
31.	<i>Customs carrier</i>	An enterprise that transports goods under customs control between customs authorities without applying measures to guarantee the delivery of goods to the customs authority of destination and has a license to carry out the activities of a customs carrier, issued by a specially authorized central executive body in the field of customs.
32.	<i>Customs regime</i>	Execution by the customs authority of actions (procedures) related to the consolidation of the results of customs control of goods and vehicles moving across the customs border of the country, and have legal significance for the further use of these goods and vehicles.
33.	<i>Customs warehouse</i>	Customs regime, according to which foreign or domestic goods are stored under customs control with conditional full

		exemption from customs duties and without the application of measures of non-tariff regulation of foreign economic activity.
34.	<i>Customs tariff</i>	The procedure and conditions for moving goods across the customs border of the country, their customs control and customs clearance, application of mechanisms of tariff and non-tariff regulation of foreign economic activity, collection of customs payments, customs statistics, exchange of customs information, classification of foreign economic activity, implementation of state law control of non-food products when imported into the customs territory of the country, prevention and counteraction to smuggling, combating violations of customs rules, organization and maintenance of revenues and fees and other measures aimed at implementing state policy in the field of state customs.
35.	<i>Customs duties</i>	Fee charged to declarants for customs clearance.
36.	<i>Customs procedures</i>	The border of the territory where the single customs legislation applies.
37.	<i>Customs formalities</i>	Administrative action, which consists in the actual inspection of goods and vehicles in order to establish the legality of their movement across the border, compliance of the inspected goods with the data

		summarized in the cargo customs declaration, as well as data specified in the permits of state bodies; preventing the import or export of prohibited goods; detection of hidden transportation of goods; detection of goods moving without documents; determination of product characteristics depending on other purposes of inspection.
38.	<i>Non-tariff regulation of foreign economic activity</i>	A set of prohibitive and restrictive measures that prevent the penetration of foreign goods into the domestic market, such goods that could harm the national economy by a sharp increase in imports. The main task is not only to oppose the strengthening of the competitive position of the importing country, but also to protect national production, protect the life and health of the population, the environment, morals, religion and national security. In addition, non-tariff regulation is applied to export transactions to protect the national market.
39.	<i>Processing outside the customs territory</i>	Appropriately equipped premises and / or covered or open areas, tanks, refrigerators or freezers, intended for temporary storage of goods under customs control until they are placed under the customs regime.
40.	<i>Processing in the customs territory</i>	The commodity nomenclature, which includes sections, groups, commodity

		items, commodity subheadings, as well as numerical codes related to them, is compiled on the basis of the International Harmonized Commodity Description and Coding System.
41.	<i>Re-export</i>	Customs regime, according to which goods that were previously imported into the customs territory of the country or into the territory of a free customs zone, are exported outside the customs territory of the country without paying export duties and without applying measures of non-tariff regulation of foreign economic activity.
42.	<i>Reimport</i>	Storage of foreign goods under customs control in places of temporary storage until their release by the customs authority in accordance with the declared customs procedure or until the implementation of other actions provided by the customs legislation of the country without payment of customs duties and taxes.
43.	<i>The composition of temporary storage</i>	Customs regime, according to which domestic goods are processed in the manner prescribed by law outside the customs territory of the country without the application of measures of non-tariff regulation of foreign economic activity, subject to return of these goods or products to the customs territory of the country

		under import customs.
44.	<i>Duty rate</i>	Customs regime, according to which domestic goods or commercial vehicles are exported outside the customs territory of the country with conditional full exemption from customs duties and without the application of non-tariff measures of foreign economic activity and are subject to re-import until the end of the prescribed period without any changes, except normal wear and tear as a result of their use.
45.	<i>Temporary import</i>	The contract stipulates requirements for the quantity and quality of products, range, delivery time, form of payment, packaging, etc.
46.	<i>Temporary removal</i>	The amount of payment specified in the customs tariff is set, which is used to calculate the amount of duty to be levied by the customs authorities for goods moved across the customs border.
47.	<i>Temporary storage</i>	Customs regime, according to which goods that have been exported or processed for export outside the customs territory of the country are released for free circulation in the customs territory of the country with exemption from customs duties established by the laws of the country on import of these goods and without non-tariff regulation foreign economic activity.
48.	<i>Transit</i>	Declaration of the prescribed form

		provided to the customs authorities and containing information on goods and vehicles moving across the customs border of the country in which the person indicated the customs procedure applicable to goods and information provided by law on goods, conditions and methods of movement through the customs border of the country and on the accrual of customs duties required for the application of this procedure, as well as other information necessary for the implementation of customs control, customs clearance, customs statistics, accrual and payment of customs duties.
	49. <i>Classifier of goods</i>	Customs regime, according to which foreign goods are processed in the manner prescribed by law without the application of measures of non-tariff regulation of foreign economic activity, subject to further re-export of processed products.
	50. <i>Terms of delivery</i>	Customs regime, according to which foreign goods, commercial vehicles are imported for specific purposes into the customs territory of the country with conditional full or partial exemption from customs duties and without the application of non-tariff measures of foreign economic activity and are subject to re-export until the end of the prescribed period changes,

		except for normal wear and tear as a result of their use.
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